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Committee on, 1953
HOUSE OF COMMONS
First Session—Twenty-fourth Parliament

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1958

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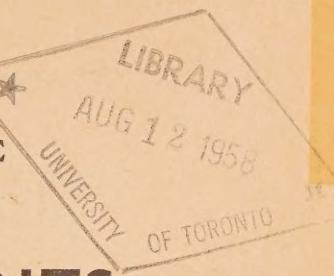
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STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON



MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

including First and Second Reports

**Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon**

FRIDAY, AUGUST 1, 1958

WITNESS:

Mr. Watson Sellar, C.M.G., Auditor General

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*),
and Messrs.

Allmark	Grenier	Murphy
Badanai	Hales	Nasserden
(a) Bell (<i>Carleton</i>)	Hanbridge	Nugent
(b) Benidickson	Hardie	Pickersgill
Bissonnette	Horner (<i>Acadia</i>)	Regier
Boulanger	Houck	Robichaud
Bourbonnais	Keays	Small
Bourget	Lahaye	Smith (<i>Simcoe North</i>)
Campbell (<i>Lambton-Kent</i>)	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Campbell (<i>Stormont</i>)	(d) Macnaughton	Spencer
Campeau	MacRae	Stewart
Cathers	Martel	Valade
Coates	McCleave	Villeneuve
(c) Crestohl	McGee	(e) Walker
Denis	McGregor	Winch
Drouin	McMillan	Wratten
Fraser	Morissette	Yacula
Granger	Morris	
	Morton	

Antonio Plouffe,
Assistant Chief Clerk of Committees.

- (a) Replaced Mr. Campbell (*Lambton-Kent*) on July 8.
- (b) Replaced Mr. Boulanger on June 12.
- (c) Replaced Mr. Denis on July 31.
- (d) Replaced Mr. Cresthol on July 9.
- (e) Replaced Mr. Small on July 9.

ORDERS OF REFERENCE

HOUSE OF COMMONS,
TUESDAY, June 3, 1958.

Resolved,—That the following Members do compose the Standing Committee on Public Accounts:

Messrs.

Allmark,	Grenier,	Morton,
Badanai,	Hales,	Murphy,
Bissonnette,	Hanbridge,	Nasserden,
Boulanger,	Hardie,	Nugent,
Bourbonnais,	Horner (<i>Acadia</i>),	Pickersgill,
Bourget,	Houck,	Regier,
Campbell <i>(Lambton-Kent)</i> ,	Keays,	Robichaud,
Campbell (<i>Stormont</i>),	Lahaye,	Small,
Campeau,	Macdonald (<i>Kings</i>),	Smith (<i>Simcoe North</i>),
Cathers,	MacRae,	Smith (<i>Winnipeg North</i>),
Coates,	Martel,	Spencer,
Crestohl,	McCleave,	Stewart,
Denis,	McGee,	Valade,
Drouin,	McGregor,	Villeneuve,
Fraser,	McMillan,	Winch,
Granger,	Morissette,	Wratten,
	Morris,	Yacula—(50).

(Quorum 15)

Ordered,—That the Standing Committee on Public Accounts be empowered to examine and inquire into all such matters and things as may be referred to it by the House; and to report from time to time its observations and opinions thereon, with power to send for persons, papers and records.

THURSDAY, June 12, 1958.

Ordered,—That the name of Mr. Benidickson be substituted for that of Mr. Boulanger on the said Committee.

TUESDAY, July 8, 1958.

Ordered,—That the name of Mr. Bell (*Carleton*) be substituted for that of Mr. Campbell (*Lambton-Kent*), on the Standing Committee on Public Accounts.

WEDNESDAY, July 9, 1958.

Ordered,—That the name of Mr. Walker be substituted for that of Mr. Small on the Standing Committee on Public Accounts.

Attest.

TUESDAY, July 29, 1958.

Ordered,—That the name of Mr. Macnaughton be substituted for that of Mr. Crestohl on the Standing Committee on Public Accounts.

Attest.

STANDING COMMITTEE

WEDNESDAY, July 30, 1958.

Ordered,—1. That the Standing Committee on Public Accounts be empowered to print such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.

2. That the said Committee be given leave to sit while the House is sitting.

3. That the quorum of the said Committee be reduced from 15 to 10 Members and that Standing Order 65 (1) (e) be suspended in relation thereto.

Ordered,—That Public Accounts, Volumes I and II, and the report of the Auditor General of Canada for the fiscal year ended March 31, 1957, be referred to the said Committee.

Attest.

THURSDAY, July 31, 1958.

Ordered,—That the name of Mr. Crestohl be substituted for that of Mr. Denis on the Standing Committee on Public Accounts.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORTS TO THE HOUSE

WEDNESDAY, July 30, 1958.

The Standing Committee on Public Accounts has the honour to present its

FIRST REPORT

Your Committee recommends:

1. That it be empowered to print such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.
2. That it be given leave to sit while the House is sitting.
3. That the quorum be reduced from 15 to 10 Members and that Standing Order 65(1)(e) be suspended in relation thereto.

Respectfully submitted,

ALAN MACNAUGHTON,
Chairman.

(Concurred in on date of presentation)

WEDNESDAY, July 30, 1958.

The Standing Committee on Public Accounts has the honour to present its

SECOND REPORT

Your Committee recommends:

That the Public Accounts, Volumes I and II, and the Report of the Auditor General of Canada for the fiscal year ended March 31, 1957, be referred to it.

Respectfully submitted,

ALAN MACNAUGHTON,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, July 29th, 1958.

(1)

The Standing Committee on Public Accounts met this day at 2.00 p.m. for organization.

Members present: Messrs. Bell (*Carleton*), Campbell (*Stormont*), Campeau, Drouin, Granger, Grenier, Hales, Hanbidge, Houck, Keays, McGee, McGregor, McMillan, Morissette, Morris, Morton, Murphy, Nasserdien, Nugent, Pickersgill, Robichaud, Smith (*Simcoe North*), Spencer, Villeneuve, Walker, Winch, Wratten.

The Chief Clerk of Committees having invited nominations for Chairman, Mr. Bell made a brief statement. He drew the attention of the Committee to a paragraph from the Speech from the Throne wherein it was indicated that a Member of Her Majesty's Opposition would be invited to be Chairman of the Public Accounts Committee. He had been informed that the Member of the Opposition designated to be nominated for the Chairmanship was not presently a Member of the Committee but that this situation would be rectified in the course of the afternoon.

Mr. Bell then moved, seconded by Mr. Walker, that the Committee adjourn until Wednesday morning, July 30th, at 9.30 a.m.

Motion carried unanimously.

WEDNESDAY, July 30, 1958.

(2)

The Standing Committee on Public Accounts met at 9.30 a.m. for organization pursuant to a decision reached on July 29th at a meeting called for the same purpose.

Members present: Messrs. Allmark, Bell (*Carleton*), Bourget, Campeau, Drouin, Fraser, Grenier, Hales, Hanbidge, Horner (*Acadia*), Houck, Keays, Macnaughton, Martel, McCleave, McGee, Morissette, Morris, Morton, Murphy, Nugent, Pickersgill, Robichaud, Smith (*Simcoe North*), Spencer, Valade, Villeneuve, Walker, Winch, Wratten.

The Chief Clerk of Committees having called for nominations, Mr. Bell moved, seconded by Mr. Murphy, that Mr. Macnaughton be Chairman of this Committee.

There being no other nominations, Mr. Macnaughton was declared elected as Chairman, and he took the Chair.

Mr. Macnaughton thanked the Members of the Committee for the honour conferred upon him and asked for the cooperation of all Members of the Committee in the carrying out of his new responsibilities.

On motion of Mr. Houck, seconded by Mr. Fraser,

Resolved,—That Mr. Bell be appointed Vice-Chairman of the Committee.

On motion of Mr. Fraser, seconded by Mr. Villeneuve,

Resolved,—That the Committee request the power to print such papers and evidence as may be ordered by the Committee.

On motion of Mr. Bell, seconded by Mr. Walker,

Resolved,—That the Chairman report to the House this day, recommending that the Public Accounts, Volumes I and II and the Report of the Auditor General of Canada for the fiscal year ended March 31, 1957, be referred to the Committee.

On motion of Mr. Walker, seconded by Mr. Murphy,

Resolved (on division),—That the Committee request permission to sit while the House is sitting.

On motion of Mr. Murphy, seconded by Mr. Villeneuve,

Resolved (on division),—That a recommendation be made to the House, to reduce the Committee's quorum from 15 to 10 Members.

On motion of Mr. Winch, seconded by Mr. Keays,

Resolved,—That a Subcommittee on Agenda and Procedure be appointed, consisting of the Chairman and seven Members to be named by him.

As suggested by the Chairman, it was agreed to leave to the Steering Committee the question of deciding the date of the next meeting, and other matters relating to the calling of witnesses, etc.

The Committee adjourned to the call of the Chair.

R. Arsenault,
Chief Clerk of Committees.

FRIDAY, August 1, 1958.
(3)

The Standing Committee on Public Accounts met this day at 9:30 o'clock, the Chairman, Mr. Alan Macnaughton presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Benidickson, Bissonnette, Bourget, Coates, Hales, Keays, Lahaye, Macdonald (*Kings*), Macnaughton, Martel, MacRae, McCleave, McGee, McMillan, Morissette, Morris, Pickersgill, Regier, Robichaud, Spencer, Stewart, Villeneuve, Walker and Winch—26.

In attendance: Mr. Watson Sellar, C.M.G., Auditor General of Canada.

The Chairman referred to the Orders of Reference dated June 3, June 12, July 8, July 9, July 29, July 30 and July 31, which were taken as read.

He presented the First Report (Oral) of the Sub-Committee on Agenda and Procedure as follows:

1. That Messrs. Bell, Morissette, Morris, Pickersgill, Walker, Winch and himself, compose the said Sub-Committee.

2. That agreement was reached on calling the meeting for this morning to hear the Auditor General.

3. And that a meeting be held on Wednesday, August 6th, at 9:30 in the morning.

On motion of Mr. Bell (*Carleton*), seconded by Mr. Badanai,

Resolved,—That the Committee print from day to day 750 copies in English and 250 copies in French of its minutes of proceedings and evidence.

The Chairman announced that copies of the following documents were available for members of the Committee:

1. Public Accounts Volumes 1 and 2 (distributed forthwith).
2. Separate printing of the Auditor General's Report for 1957 (distributed forthwith).
3. Audit Office Guide, by Sellar, (to be mailed).

The Chairman quoted from the Debates of the House of Commons of Tuesday, May 13 last the Prime Minister's statement in respect of the Public Accounts Committee.

Mr. Sellar was called and the Chairman introduced him to the Committee.

Mr. Sellar made a statement relating to background of the Public Accounts, the organization of his office, the qualifications of his staff, the cost of his audit office, his relation with the Comptroller of the Treasury and the extent of test audits. He was examined.

It was suggested and agreed that the Committee resume, at its next meeting, its general discussion at the conclusion of which the Committee will consider Mr. Sellar's report, paragraph by paragraph.

At 10:45 o'clock the Committee adjourned until Wednesday, August 6th.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

FRIDAY, August 1, 1958.
9:30 a.m.

The CHAIRMAN: Gentlemen we have a quorum. May I suggest that we begin?

I have before me the orders of reference which consist of three or four pages. May I suggest that these be taken as read?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: I would like now to give you the names of the members of the steering committee.

Representing the C.C.F. party, Harold Winch; representing the Liberal party, Alan Macnaughton and Jack Pickersgill; and representing the Progressive Conservative party, Richard A. Bell; David J. Walker; Edmund Morris and Emilien Morissette.

These gentlemen will form the steering committee.

Mr. BELL (Carleton): I move that the committee print from day to day 750 copies in English and 250 copies in French of its minutes and proceedings.

Mr. BADANAI: I will second that motion.

Motion agreed to.

The CHAIRMAN: At this time I would like to tell you what the steering committee discussed, very briefly.

We fixed this morning as the date for our first meeting. We suggested that inasmuch as there is a considerable amount of reading to do during the next two or three days that we set next Wednesday at 9:30 a.m. as the tentative date for the next meeting. The reason that date was selected was because of the fact that other committees are meeting on Monday and Tuesday, and the staff is pretty well overloaded at the present time.

It is also our wish and desire that we hold our meetings in a much smaller room if possible, and we will endeavour to secure a smaller room for our next meeting.

I would like to bring to your attention, and distribute, provided we have sufficient copies—and I think we have—the following documents which members of the committee should have.

First of all, the public accounts of Canada for the fiscal year ending March 31, 1957, volumes 1 and 2, which we have here.

As you know, members are, as a matter of right, entitled to a copy; but unless it is asked for the copy is not supplied. We have brought several copies here this morning for the benefit and use of the members of this committee. I would ask that the clerk distribute them.

I would also like to bring to your attention the report of the Auditor General to the House of Commons for 1957 which we have, and which we will distribute.

We have a book here written by our friend to the right, the Auditor General, called "Audit Office Guide" which I am sure members will find extremely useful by way of general information.

We thought this would provide sufficient reading for the week-end.

May I at this time, in order to try and set, what I hope is the proper tone of this committee, refer to Hansard of Tuesday, May 13, 1958, and in particular

to the remarks of the Prime Minister appearing on pages 32, 33, 34 and 35 in regard to committees in general, and certainly in respect of the public accounts committee in particular.

With your permission I would like to quote one or two extracts from those remarks. I think members of this committee will see what the Prime Minister had in mind when he set up this type of a committee.

On page 33, column 1 the Prime Minister says, in part:

—I believe that the public accounts committee should be modelled after the British committee.

Further on:

—the procedure of parliament should be modernized and brought up to date.

Then on page 34:

We are going to welcome the co-operation of the opposition in the discharge of their responsibilities in these committees—

Then the Prime Minister goes on, in regard to the public accounts committee and says:

I am now asking that this committee be made effective—

Further on he says:

I want to see that an effective committee is formed, not just a body set up for decorative purposes.

And then on page 34, column 2 he says:

If my hon. friends wish to find information on the committee system and the way in which it operates within the British parliamentary system, which after all is the basis on which we work, I ask them to read the latest volume of Beauchesne at pages 210 and 211 wherein are set forth in detail the committees which are set up in the House of Commons, the effectiveness of the system in the United Kingdom and also the nature of the United Kingdom procedure in this regard.

Further on the Prime Minister says:

The public accounts committee, as mentioned on page 212, is designed in the United Kingdom to guarantee financial regularity and exercises great influence over the departments, though it possesses no direct power other than the power to call for documents and to require witnesses to attend. Its power is indirect and lies mainly in the potential results of its report. Actually its power lies in the publicity which it is able to give to the questions it investigates and in the moral effect on the departments of its criticisms.

Then Mr. Pearson asked:

Would the Prime Minister permit a question before he leaves this point? Is it his intention in the setting up of these committees to follow the British system in regard to procedure, power and reports?

And the Prime Minister answered:

The setting up of these committees will be in keeping with the British tradition and on the basis of the terms which are set out in the speech from the throne.

Further on the Prime Minister says:

We intend as far as possible to bring about a more effective House of Commons, bringing it up to date in so far as its procedure is concerned by giving an opportunity to many private members who would

not otherwise have that opportunity to learn of the operations of the departments, so that they may be in a position, through examination, to make suggestions and recommendations.

Those remarks, gentlemen, I think should set the tone for this committee. Your steering committee thought it advisable to start with the report of the Auditor General which I think you now have before you. The report is for the year 1957, ending March 31. I might add that the report for 1958 will not be available probably before January, 1959; therefore we will proceed with the 1957 report.

Your steering committee also thought that our first star witness should be Mr. Watson Sellar, the Auditor General.

Mr. Sellar agreed to appear before us and I would like to introduce him very briefly at this stage.

Mr. Watson Sellar, C.M.G., was born in Huntingdon, Quebec. He is a lawyer from the Saskatchewan law school. He was the private secretary to the minister of finance from 1924 to 1929. He was then the assistance deputy minister of finance, from 1930 to 1932. He was then comptroller of the treasury from 1932 to 1942, and he was appointed Auditor General in 1940, the position he holds at the present time.

His reputation is well known to the older members of the committee, and I have taken your time now to introduce him in this way to the newer members of the committee whom I welcome here this morning.

It is now my great pleasure to ask Mr. Watson Sellar to speak to us in regard to his report to the House of Commons for 1957.

I hope you will allow Mr. Sellar to remain seated.

Mr. Watson Sellar, (Auditor General of Canada) called.

The WITNESS: Thank you Mr. Chairman and gentlemen.

The report before you, of course, may be regarded as being a little bit out of date because another fiscal year has ended since the year that I am now reporting. In a sense this simplifies the task of this committee because quite a number of matters that are referred to in this report have already been amicably settled with the departments concerned. That lessens the amount of work.

It may be of interest to some members of the committee if I gave you a brief outline of what is contained in this report.

First of all we act on the instructions of parliament, particularly of the House of Commons.

In the report before you, you will see in the first paragraph the directions of the House of Commons to us with respect to our audit.

We are instructed to make an examination of the consolidated revenue fund and public property to ascertain whether (a) the accounts were faithfully and properly kept; (b) all public money was fully accounted for, and the rules and procedures applied secured an effective check on the assessment, collection and proper allocation of the revenue; (c) expenditures were for the purposes for which appropriations were made, and were made as authorized, and (d) essential records were maintained of public property, and the rules and procedures applied suitably safeguarded and controlled.

There are two things of significance in what I have just read. One is that; we are permitted to proceed by means of test audit. We could not do otherwise. It would be a waste of money to attempt to do otherwise. We would accomplish little more than we can by well conducted tests.

Secondly, as our tests continue throughout the year, our practice is to bring to the attention of the departments anything that we think is irregular.

Our reason for doing this is this: we assume the taxpayers of this country are not interested one iota in the repute of the Auditor General, but they do want the accounts to be right. Therefore, where we can we bring matters to the attention of the department concerned, and the treasury board.

Sometimes they disagree with us and sometimes they agree with us. If they agree with us and correct the transaction within the year, then we make no reference to it whatsoever in our report.

Then are those transactions which are discovered during the course of the final audit of the year. The department concerned cannot do anything about them, therefore the references in this report are mainly in respect of those transactions. So much for the general instructions.

I would like to ask you to turn to paragraph 25 on page 8 of this report. This paragraph includes the instructions in regard to what we are to include in our report.

I must call attention to every case observed in the audit where—I would like to stop there and not the words “—every case—”.

As you will realize, gentlemen, sometimes there appears references to very small items in the report.

The question might be asked: why do we make the reference to these small items? But parliament has seen fit to instruct us to draw attention to every case. Therefore you will find references to small items and big items in this report.

We try to avoid making reference to small items wherever possible by relying on the principle that parliament is concerned only with subjects on which it has given directions. For example, parliament has never given us any instructions with respect to travelling expenses. This is an executive matter. Therefore, whenever we see something in connection with travelling expenses of civil servants, we bring it to the attention of the appropriate minister.

May I point out that a list of those things appears to which we draw attention. We are to call attention to every case observed in the audit where: (a) any officer or employee has wilfully or negligently omitted to collect or receive any money belonging to Canada; (b) any public money was not duly accounted for and paid into the consolidated revenue fund; (c) any appropriation was exceeded or was applied to a purpose or in a manner not authorized by parliament; (d) an expenditure was not authorized or was not properly vouched or certified; (e) there has been a deficiency or loss through the fraud, default or mistake of any person; or (f) a special warrant authorized the payment of any money.

Collectively those mean this: we are not only required to make an audit of the accounts, but we must keep our eyes open in respect of the collection practices, the stores management practices and so on of each department.

Our audit is a parliamentary audit as well as an accounting audit. Finally, I am instructed to direct to the attention of the House of Commons any other item that I think might be of interest to them. Actually that instruction covers almost everything, but it is a supplementary one.

As I have said, gentlemen, this report is somewhat old. It deals with 35 topics which may be said to be before this committee for consideration. However, as I have already mentioned, some of the items have been disposed of already.

To take a big item and to illustrate what I have said, if you will turn to paragraph 120, on page 30, you will see that there I am dealing with the statement of assets and liabilities. I end my comment by saying that we are continuing our view in regard to the items listed above, that are not true liabilities, so our audit certificate has to be regarded as qualified. The largest item here is the National Defence equipment account.

The Minister of Finance delivered his budget speech on June 17. In that speech he discussed the National Defence equipment account. He made this observation:

We believe that in the interests of good accounting practice and the maintenance of proper parliamentary control of expenditures this account should be liquidated during the current year.

This is being done; so, therefore, this committee need not pay any attention to paragraph 120. I just use that as an illustration to show that some things are already out of the way.

I will go back now, if I am not boring you too much, and run through a few of the items which deal with matters of principle in which this committee may be interested.

If you will look at paragraph 20 appearing on page 7—this is a fairly long paragraph, so I will summarize it—you will see that it explains the expenditures of the Royal Canadian Mounted Police. It is pointed out that approximately 2,500 officers and men of that force are performing duties under agreements with eight of the provinces in Canada, and 219 municipalities.

The general basis is that we endeavour to recover 40 per cent of the cost of those officers from the provinces, and we attempt to recover from 50 per cent to 100 per cent of the cost from the municipalities.

It is estimated that the average cost per constable—that includes the officers—is about \$6,278 per year. The result is that these 2,500 people are costing the taxpayers of this country in the neighbourhood of \$16 million per year. We are recovering approximately \$6 million. I think this police arrangement is a good one. I am not criticizing it in any way whatsoever. What I am drawing to your attention now is this: you appropriate \$16 million in this regard. The people of Canada may say that we are spending \$16 million for these services. You cannot offset that figure by saying that because we are collecting \$6 million back we are actually only spending \$10 million. We must accept as a fact that we are spending \$16 million rather than \$10 million net.

The public service is getting tremendously large. I have been in it for over 30 years and it has changed tremendously. We hear it suggested from time to time that there are too many people employed in the public service.

Actually, gentlemen, if you wish to accomplish something you cannot decide whether it is economical or not on the basis of the number of people involved, but rather on the basis of the number of services that are being performed for the people.

It seems to me that if we are to determine whether a service is necessary or not, possibly we should make a charge for the service. If we make a charge for such a service and people are willing to pay the price, then it is necessary. The people receiving the services are then paying the price for them.

For that reason, I have urged over the years that Canada should consider adopting the practice of having the revenues from the services taken into the calculations when preparing an estimate of expenditure. If you have a service that is self-supporting you will reflect only a nominal amount in the vote in order to make sure that it is open for discussion in the House of Commons. That is the practice followed in some countries.

This is not a new idea and I have suggested it before. I have been opposed and this committee has turned me down before. I am just mentioning this to you so that you are not misled. I still feel that I am right. That does not mean that I am, but I nevertheless still feel that I am. I am just bringing this to your attention because it might be misleading to some of you.

Mr. PICKERSGILL: I would like to raise a question here.

Mr. Chairman, would it be preferable to hold questions that we wish to direct to Mr. Sellar until he has completed his exposition, or would it be in

order to ask questions in regard to points arising during the course of his exposition at the time that they arise?

The CHAIRMAN: Yesterday the steering committee thought that we should give Mr. Sellar the opportunity of making his statement, and then perhaps going back. I have discussed this question with Mr. Sellar and as far as he is concerned he does not mind doing that. I think it might be the more logical way to allow him to finish his statement at this first meeting.

Mr. PICKERSGILL: I am quite happy to leave it that way.

The WITNESS: Thank you.

Gentlemen, I would like to refer you to paragraphs 27 to 34 inclusive starting on page 8.

These paragraphs deal with postage on newspapers and periodicals. As your chairman pointed out when he was introducing me, I was a private secretary to a minister. I am aware of the problems of politicians. I am aware that anything pertaining to newspapers can be embarrassing to members of parliament. Therefore, do not think for one moment that I am trying to embarrass you by bringing this matter to your attention. My only concern is this: I am instructed to report to you whether the collecting and allocation of revenue is effective.

The Post Office Act sets the rates of postage for first class mail. This act also sets the rate for postage on second class mail, and that rate covers newspapers and periodicals. Rates for all other materials are fixed by the Postmaster General.

It is a fact that the Post Office Department is encountering increasing difficulties in balancing its accounts. The increases in salary rates are making it more difficult. Therefore, there is a possibility that the House of Commons, if it challenges the Post Office Department's operating efficiency on the ground of cost, may be countered by the question, "Why do you not increase the mail rates on first and second class mail?" and the House in turn might say, "Why do you not increase it on third class mail?" It would be just passing the buck back and forth.

The second class mail is very large in volume. It is only an estimate that it produces about \$6 million revenue a year. It is also an estimate that it costs \$24 million to carry that mail. Therefore, there is a deficit position of, let us say, \$18 million.

Now, gentlemen, do not let me mislead you. That figure can be challenged. For example, a rural mail carrier is necessary for the carriage of letters; he is going to go over his route, and if he has 25 or 50 pounds of newspapers with him, that is not really raising the cost to the government by that proportion. As I say, that figure can be challenged; but it is clear that the revenues are not offsetting the expenditures, whatever the true expenditures may be.

The newspaper rates have varied throughout the history of this country. Away back before confederation they were a perquisite with the Deputy Postmaster General. He was allowed to keep what the people in the colony of Canada paid. That was his personal perquisite, until the assembly intervened about 1844 and set a rate. Off and on until 1882 the rate varied. From 1882 until 1899 all newspapers in this country were carried free of charge. It was considered a public service necessary to keep the people informed. Since then the rates have varied.

The daily newspapers pay a much heavier rate than do the weekly newspapers. The dailies pay on the basis of so much a pound for reading matter and a higher rate on the advertising content. We also have the strange situation where you can have a publication printed and mailed, let us say, printed in Ottawa; if it were distributed in Ottawa and posted through the Ottawa post office it would carry a rate of 1 cent for the first 2 ounces and

1 cent for the next 2 ounces, and so on; but if it were taken and mailed in Hull it would come back to Ottawa at a cost not greater than 1½ cents. It is a little inconsistent. This dates away back. This section of the Post Office Act is a very interesting section. This is not a subject which I think for one moment that you gentlemen will worry your heads over too greatly. I think you might be disposed to have someone from the Post Office Department appear before you to discuss the question. They knew I was putting in this item and they read over the text, not to commit them in any way but to make sure it is a fair statement.

If you had someone here from the Post Office Department to give you their experience, you gentlemen might be disposed, in your report, to suggest that the government cause a thorough investigation to be made of post office rates. I do not think you would go any further than that.

Now, I said earlier my job is to worry about the rights and privileges of the House of Commons. If you would turn to paragraph 46 on page 12, I am mentioning it to illustrate a problem we face. I have no complaint about this money being spent where it was; it has been spent before and is spent in like manner in many other places in Canada.

The thing that we notice increasing in the audit of departmental expenditures is the amount for municipal or provincial purposes. Where is the dividing line to be drawn? In the audit office, rightly or wrongly, we take the view that the dividing line ought to be set by parliament, and that if a department expects to spend money on a municipal or provincial work it should set it out in an estimate item in such a way that the House of Commons knows what it is doing with the vote, and we know that the House of Commons has agreed to that expenditure. Sometimes it is best for the people of Canada that it be done by the federal government, and in other cases it should be provincial or municipal. That is one example.

On the next page in paragraph 49 it presents a problem in a little different fashion. Item 488 simply says:

Construction or acquisition of buildings, works, land and equipment, including construction work on municipal airports and payments to municipalities as contributions towards construction done by those bodies.

To what extent should the House of Commons worry about the text of a vote? You never do. We put in this case because the work was really done for Eldorado, which is a crown corporation. Eldorado did not want to do the work; they wanted to have no part in it. The The Department of Transport said it would be cheaper were they, rather than the Department to do it; but Eldorado does not qualify within the text.

You may be willing to consider this question: to what extent does the House of Commons not only vote money but settle the wording of the text? It is taken for granted it is a vote of confidence if you turn down a money vote, but can you amend the text without raising the same question?

I have been long-winded, but may I also draw your attention next to paragraph 132. This deals with the crown corporations. We do not audit all crown corporations, those we do are listed on page 31. The question is in connection with the Export Credits Insurance Corporation, a crown company, a profitable and well-run company. The Deputy Minister of Trade and Commerce and the Deputy Minister of Finance and the governor of the Bank of Canada are, by statute, directors. The corporation can have other directors but those three are automatically directors.

The act provides that if the corporation does not desire to take an undue risk in insuring it can refuse to insure; but the governor in council can

instruct it to insure whereupon the Consolidated Revenue Fund takes the risk of the losses. In the case now noted, a series of sales of wheat were made to Communist countries and others. The Export Credits Corporation decided it was becoming over-committed in wheat and declined to insure. The government instructed it to insure, and as far as the commercial aspects are of concern, everything is going smoothly. The act says that the Minister of Finance may authorize the corporation to retain a percentage of the proceeds of the premium to cover its expenses. In this case the Minister of Finance gave no specific instruction. By going back to an episode of some years previous, when 25 per cent had been allowed, the corporation kept that per cent. It so happens that this 25 per cent was the equivalent of 52 per cent of its total expenditures in the year and it looked to us as if that was a lot of gravy. Parliament is always a little jealous about the liberties and rights crown corporations entertain and enjoy, so we put this in the report to give you some kind of an indication of the financial assistance which the crown companies get from the public chest. As I said before, this is included for illustration purposes.

Finally, might I make a reference to the book of public accounts. The volume is a thick thing. Various people are responsible for parts in it. The requirements for the public accounts are set out in the statute, which is the Financial Administration Act. Section 64 says:

(1) An annual report, called the Public Accounts, shall be laid before the House of Commons by the minister on or before the 31st day of December, or if parliament is then not in session, within fifteen days after the commencement of the next ensuing session.

(2) The Public Accounts shall be in such form as the minister may direct, and shall include:

(a) a report on the financial transactions of the fiscal year;

Now, gentlemen, that is the first part of the volume which is signed by Mr. Taylor, the Deputy Minister of Finance. It gives you in detail the financial operations of the year. Then there follows certain statements prepared either by finance or by the comptroller of the treasury and after that a voluminous breakdown of expenditures and revenues prepared by the comptroller of the treasury.

Finally, towards the back of the book, you will notice the insertion of two thick blue sheets which segregate the auditor's report to show it is a separate document; then at the back are some statements which are required by law.

A lot of the people refer to this big book as the Auditor General's Report. That is wrong; but historically there is an explanation. Up until 1942 the whole of this book was prepared by the audit office. I succeeded in selling the idea to Doctor Clark, the Deputy Minister of Finance, that the comptroller of the treasury, and the Department of Finance should take over the job. It was costing the audit office about \$125,000 a year to prepare it, we were duplicating accounts which treasury already were keeping, it was just plain foolishness. They agreed and we came before this committee and they agreed to let us change.

I think now, gentlemen, the expenditures of the country are getting so big and this book is becoming so big that the public accounts now conceal rather than disclose expenditures. There is too much; you cannot see the woods for the trees. While it is within the discretion of the Minister of Finance to say what form he wants the public accounts to take, you want the public accounts before you reasonably early in the session. It is only with the greatest difficulty in recent years that we have been able to get our copy to the printer,

and the printer able to set it up and deliver it in time to get it before parliament in the first two weeks of January; often it is around the end of January. If you think that this volume is getting overly thick and you want the report reasonably early in a session, then I think you might be disposed to call someone from finance and check their views on it; if their views coincide with mine, that we may be sticking too much material in it, you may be disposed to make a recommendation that the minister consider the form of the report and suggest to his committee how it might be reduced.

I am sorry I have taken so much time. I am only too glad to answer any questions which I can. If I cannot answer a question, I'll say so, because out of long experience I have learned never to try to deceive this committee. I will get the answer and give it to you later.

The CHAIRMAN: Thank you. Perhaps you would give us a breakdown of your own department in order to complete your statement?

The WITNESS: The size of the audit office ranges from 130 to 140 persons. At the present moment there are 134 or 135. The office works on the treasury and the departmental accounts. There are a few people in the Justice building, where I am, but most of them are scattered throughout the departments. We have a small staff in Montreal because we have a number of crown corporations in that area, and we also have various agreements with the provinces. We work from Montreal in connection with the maritime provinces, Newfoundland and Quebec. We have a couple of men in Toronto, one in Winnipeg, a couple on the west coast, and one down in Halifax.

The audit is continuous. This is not an invariable rule, but as a rule we work from two weeks to a month behind with revenues and expenditures entries. Again, as I mentioned before, we operate by means of tests. Our tests are carried out to the extent that we consider necessary; but as the treasury has to pre-audit every expenditure before it makes payment, and is independent of the departments, our test can be more on the system rather than on the details of the accounts.

In the revenues audit, we have to visit all over the country because we have to check practices in offices. With reference to public property, there is a certain amount of travelling, but essentially the direct contact is in respect of the state of the accounts rather than the stores.

Finally, we do not audit our own expenditures. The act provides that the treasury board shall appoint an auditor to audit the accounts of the audit office. That is done currently by Mr. Neil MacLean of the Department of Defence Production who is a chartered accountant and who at one time was a prominent member of the audit office.

By the Chairman:

Q. Could you tell us generally what are the qualifications of the members of your staff?—A. First they have to be good accountants.

Q. Are they chartered accountants?—A. Not all of them. It would cost far too much money and we do not need them. We need a certain number of highly trained men. We need men of lesser training but with good qualifications. Of course, we need a certain number of people who can do the same job over and over again without getting fed up with it. These individuals must be able to maintain their initiative.

We need a cross section of people. I believe that I have got a first-class staff. I know they are very loyal to me. We get through our work because we got rid of the Public Accounts early in the war. We employ approximately 75 less people now, despite the increased size of our expenditure, than we did before the war. This is one of the few services that can make that boast, if that is a boast. However, this is due to the fact that we were able to unload that job that did not belong to us.

By the Chairman:

Q. Could you give us an estimate of the annual cost of your operation?—
A. Approximately \$800,000 per year.

Q. Has that been a steady figure?—A. No, every salary increase increases that figure.

By Mr. Bell (Carleton):

Q. I wonder if Mr. Sellar could say something about the relationship between the Auditor General and the comptroller of the treasury, and tell us to what extent he relies upon the pre-audit in the office of the comptroller of the treasury? Perhaps following that he could indicate the extent to which he relies on the test audit.

I do not think in his initial statement he said how far the test audits go, or upon what principle the test is taken, and to what extent it is used in each case.—A. Of course, our relations with the treasury department are excellent. After all, I was the first comptroller of the treasury, and the present comptroller of the treasury was my assistant. We got along very well at that time and have got along very well ever since.

Q. Is that a good thing, or a bad thing?—A. We watch each other rather closely.

What I am getting at is this: there is no concealment by the treasury department of any information that we should have. They tell us everything that we want to know. That also applies to the various departments.

We work on the assumption, sir, that our job is not to try to make a name for the audit office, but to keep a good reputation for the various departments of the public service. We do not give a hoot for ourselves. If we could put in a perfect report we would be happy, but we realize that this committee would immediately say that we had sold out, and they would want to fire us all and replace us with other people. Thank God there are about 200,000 or 400,000 people making expenditures and they can make enough mistakes to keep us in good order.

We do get along well. We receive everything we ask for from the treasury department. We watch its system. We have access to its files all the time. This also applies to the various other departments.

So far as our tests are concerned, they vary. Take for example children's allowance, a colossal number of cheques are issued. We pay very little attention to the total of this expenditure. The concern is the various provincial records in regard to age, and so on.

The same is true in regard to old age security pensions. We have relatively little to do with that.

However, when we are considering contracts, especially cost plus contracts, we examine them very carefully. We examine and review every payment in connection with the cost audit report in that regard, and so on.

In regard to a firm price contract where everything has been authorized in an appropriate manner,—this may be for a very large sum of money—if it is being carried on according to the contract, according to the vote of parliament, according to the orders in council, and so forth, we may not look into it to any great extent.

Our duty is to conduct an audit so that we can tell the House of Commons whether, in our opinion, revenues have been properly assessed, collected and recorded in the accounts, and that expenditures have been made in accordance with the directions of parliament, and that includes studies dealing with particular expenditures. This means that we may have to follow fairly well through.

Again, in regard to a large department where there are a great number of expenditures, and where there is a good system of internal audit, we can

perform our duty much faster than we can in regard to a smaller department where one person is performing the work which is done by two or three persons in the larger departments. In other words we must check the affairs of a small department, having in mind skulduggery, much more thoroughly than in regard to a large department.

When I say this, I hope you will bear in mind that honesty is very high in the public service. Our audit, therefore, in regard to a small department is much more detailed than it is in regard to a large department such as National Defence, for example.

By Mr. Pickersgill:

Q. Mr. Chairman, I would like to ask one or two questions of Mr. Sellar about offsetting revenues. If the committee will bear with me I would like to say a word or two about this first, based on my own experience.

I happened to be the minister of two departments where services were being performed that either paid for themselves, or very nearly did so. I was also for quite a long time the acting minister of a department where almost all of the costs were paid. That was the Post Office Department.

In the Secretary of State's Department the companies branch and the patent office pretty well pay for themselves. I believe the companies branch more than pays for itself. The patent office, after I got it "jacked up", is now paying for itself.

The citizenship registration branch certainly more than pays for itself.

Perhaps I should not feel as keenly about this now that I am in opposition as I did when I was in the government, but I do feel that we are giving the public an entirely false picture of the cost of government. These services that happen to be provided by the government that pay for themselves are used on the one hand to inflate the apparent expenditure of the general government, and on the other hand to inflate the revenues.

I have felt—and urged this very strongly, but unsuccessfully, upon the minister of finance when I was in the government—that we ought to adopt the British system, as I understand it, of offsetting its revenues right in the public accounts, against the expenditures. That would give the public a much truer picture to the taxpayers, whom we represent in parliament, of the real cost of the general government in Canada.

I was not aware that long before I did, the Auditor General advocated this same policy, but I was immensely cheered to hear what he said this morning in that regard.

I would think perhaps, in its present guise, this public accounts committee might go into this question quite fully with treasury officials and others with the hope of effecting what would be, I believe, a very great reform in our whole public accounting.

The question I wanted to ask of the Auditor General was, how could this reform be handled, and what would be the most effective way of doing it? Could this be done best by having moneys put into several accounts in these departments, or would it be done better by putting them into consolidated revenue, as is done at the present time, and by merely making bookkeeping entries so that the proper balance would be shown at the end?—A. Mr. Chairman, I would say in reply to that question that I am in favour of going through the consolidated revenue fund. My reason for saying this is: the consolidated revenue fund is the property particularly of the House of Commons, or parliament. The crown does not own a single cent of money, and never can. All the crown can do is to get the consent of parliament to spend money and make a charge to the consolidated revenue fund. I am in favour of the House of Commons retaining this position. I do not intend to be disparaging towards

the Senate, but the House of Commons is the financial house. I am in favour of the House of Commons retaining complete control of financial policies.

There is just one thing I would like to add to what you have said, sir. What the developing and increasing public corporations is in effect doing, is just showing the net cost of things. We are not really urging something new, by any means.

Q. This would be new in its application to government departments?

By Mr. Bell (Carleton):

Q. In the case of the patent office, you might have a vote for \$1 which parliament would control.—A. Might I say, sir, that an illustration which may be of interest to members of parliament from the west, would be the Canadian Board of Grain Commissioners. That board has very extensive activities in testing grain and establishing standards, and so on. They must estimate—the fall before—what the crop may be next year, and what it will need in the way of money for its activities.

If there is a bumper crop, they may run short of money. If there is a poor crop they may have far more money than they need, and as a result become reckless and spend this money on luxuries.

The theory I am suggesting is that the revenue they receive should be based on the crop, and should be in association with their expenditures in connection with the same crop. That is the sort of thing of which I am in favour.

Do not be persuaded by my arguments because there are other sides to the question. There are some smart people in finance who disagree with me thoroughly and can give you a very good explanation for their disagreement.

By Mr. Winch:

Q. I believe that what you are proposing is already in effect in some provinces. It seems to me that in British Columbia, when I was there, in regard to vote after vote there were very heavy expenditures, but the votes were only for \$1, just to keep the votes before the legislators.—A. My recollection is, and I am speaking subject to correction, that that procedure is in existence in the province of British Columbia, and I think in the province of Alberta. It may be in existence in other provinces, but I think it is in existence in at least those two provinces.

Q. I am sure it is in effect in British Columbia.

Mr. PICKERSGILL: There is no question whatsoever but that this would give a truer picture of the real burden on the taxpayers. It is really ridiculous to think that when you buy a five-cent postage stamp you are paying a tax, and that we vote all this money so that letters can be carried, making it appear that this is a cost to the taxpayers when in fact it is the revenue from the sale of stamps that actually pays for this service.

Mr. REGIER: Mr. Chairman, I believe there is one matter that may be overlooked here. I would like the Auditor General to make a comment on this subject.

By Mr. Regier:

Q. I realize that when a crown corporation is set up it is a commercial undertaking and a business. However, if parliament were to vote only \$1 in regard to a department coming under a minister's jurisdiction where then, in the opinion of the Auditor General, would lie the power of the House of Commons to discuss the detailed operations, and if necessary, to reduce the operations of a certain minister's department?

I may be wrong, and if I am I hope the Auditor General will correct me. However, I can visualize this happening; parliament would vote \$1 to a minister in regard to a certain branch, and then that minister could go all out and engage in some fantastic enterprise that may not meet with the approval of parliament, but all parliament could discuss would be the general principle, and the House of Commons would then be powerless to curtail the extent of any of the minister's activities.

MR. WINCH: That is not how the system works in British Columbia at all. Every department has to put in its total expenditures exactly as the departments do here at the present time. Every item is discussed and can be reduced if necessary. We would have the same rights as we now have in the House of Commons. That is how this system is worked in British Columbia. The fact that you only vote \$1 has nothing whatever to do with the items of the department. Each item is considered as is done at the present time.

THE WITNESS: What Mr. Winch has said is correct, sir. I would like to add one or two more comments to what he has said.

Let us assume that a department needed \$100,000 to perform a service and the department expected to raise \$100,000. The department would put in a \$1 item for voting purposes to keep the item before the House of Commons.

What would happen is this: there would have to be a full explanation of the purpose for the proposed \$100,000 expenditure. The House of Commons would have to approve of that \$100,000 being spent for this service just as is the situation now.

The House of Commons would qualify it by saying that the department could spend \$100,000 only if it raised \$100,000. If the department did not raise \$100,000 it could only spend the amount it did raise. The department could not spend more than \$100,000.

By Mr. Pickersgill:

Q. There is another point which Mr. Sellar, because of his wide experience—not as auditor, but as a public servant—could perhaps confirm.

When I became the secretary of state I found that the treasury department, and very properly so, was trying to cut down on staff as much as possible in every branch. The result was that in the patent office and in the companies branch the employees were horribly in arrears in the work. Every service that was being performed there was being paid for by the people who were receiving the service. I felt that we should provide enough staff to perform the service on a current basis as far as possible, and I felt also that the rules that applied to a general service department paid for by the taxpayers should not be applied to a branch which is giving a service for which a commercial rate is being paid.

In other words I felt that what a commercial company would do under similar conditions should be done here. Sufficient staff should be provided to perform the services.

I managed, after a lot of discussion with the treasury board, to persuade that board to relax the rules and to do something to improve that situation.

As long as we do not have these things right before the House of Commons there is always the argument that there is an enormous increase in the branch but there is no vote right there beside it to show why it has increased, and what is being done.

It does seem to me that we could give better service to the public if this suggestion of the Auditor General's was carried out.

MR. REGIER: I still feel that there is some misunderstanding.

Assuming that only \$1 was provided for a certain department—I know that we are denied the dollar, which is a lack of confidence—but the explanation of that policy which the Auditor General has given, is that the minister

of that department would give a full accounting of the \$100,000 that was involved—that is both revenue and expenditure. If the House of Commons wanted to reduce that \$100,000 down to \$80,000, how would it go about doing so? Would the House of Commons have to oppose the \$1 vote?

Mr. WINCH: It would oppose each item of the estimate.

Mr. REGIER: There is no vote for each item.

Mr. WINCH: Oh yes, there is.

The WITNESS: Yes, there is.

Mr. WINCH: In British Columbia they have a vote for each item in the estimates and each item can be reduced, if necessary.

Mr. REGIER: Surely they do not do that for crown corporations?

Mr. PICKERSGILL: The crown corporations are not departments.

The CHAIRMAN: Gentlemen, would you address your remarks to the chair, please, so that the official reporter can hear you?

By Mr. Walker:

Q. Mr. Chairman, in connection with the crown corporations—which have just been referred to—I see on page 31 of the Auditor General's report the statement, "The accounts of all agency corporations and ten of the fourteen proprietary corporations are audited by the Auditor General."

Would you be good enough, sir, to tell us the names of the other four and to explain why they are not audited by yourself?—A. The Canadian National Railways, sir. The Trans-Canada Air Lines—Trans-Canada, of course, is a subsidiary of the Canadian National Railways.

The Canadian National Railways Act provides for parliament naming the auditors, and parliament for a great many years has named George A. Touche & Company as auditors.

The act covering the Central Mortgage and Housing Corporation provides that the auditors shall be named by the governor in council.

The Canadian Wheat Board Act provides that the auditors shall be named by the governor in council.

By Mr. Pickersgill:

Q. The Auditor General does not do the audit for the Bank of Canada?—A. No. The same rule applies with respect to the Bank of Canada. In each case it is covered under an act.

When parliament enacted the Financial Administration Act about seven or eight years ago, a section was included to the effect that in applying any direction where the governor in council was to appoint an auditor for a corporation the Auditor General might be appointed as one of the members of the board.

The CHAIRMAN: Mr. Walker, you have been referring to page 31 of the Auditor General's report?

Mr. WALKER: Yes.

By Mr. Hales:

Q. My question is rather a general question having to do with routine of a department in the matter of the government of Canada buying on a cost plus basis, which is a very vulnerable situation. What is the routine that is followed by the audit department in that regard? Is an internal audit made first?—A. Mr. Chairman, there is no legislation in regard to cost plus contracts. That is an exercise at the discretion of a crown corporation to let a contract on a cost plus basis. Usually there is a cost audit associated with a cost plus contract which is done by the cost auditing section of the comptroller of the

treasury. This is quite a large branch. I do not know how many people are employed in this branch, but they are experts on the subject.

In connection with a large contract this branch may assign a man who stays continuously with the contract. If there is a smaller contract this man may visit the contract periodically. Automatically when this man makes his report to the comptroller a copy goes to the audit office.

If it is an extremely large contract which is involved or perhaps because we are not happy about the way things are going, we may assign a man to see how this cost auditor is performing his job.

Q. Would you mind explaining to us how the cost plus contract was handled in connection with the CF-100 for instance?—A. I would have to get the particulars in that regard, sir. I have not got them in my head. I will get the particulars for you, but I have not got them with me at the moment.

By Mr. Bell (Carleton):

Q. I have a general question which I would like to ask Mr. Sellar.

You mentioned that the audit office took the attitude that parliament was concerned only when parliament had given direction. I was wondering whether there was a loop-hole in that. To what extent is there executive direction as opposed to parliament's direction? I think Mr. Sellar used travelling expenses as an example of this. To what extent is there executive direction by the treasury board which is independent of parliamentary direction? —A. Travelling expenses is one example I could use. The other example I could use in the counterpart would explain the opposite.

The travel removal expense of service forces is that example.

The National Defence Act provides that there shall be rules and regulations for governing the moving of forces. That provision brings this within parliamentary direction. We must watch for these things. If we see something which we think is "fishy" or wrong, then I must refer to it in my report.

However, you must bear this in mind; we are trying—in fact we are bending backwards—to assume that parliament is interested in regard to things that it is really not interested in, but it is our duty to think that they are. Sometimes I look a little silly, and sometimes I am quite wrong, but I am not infallible.

I think it is my duty to bring whatever I feel should be brought to your notice, and certainly anything that the act says that I have to bring to your notice, I have to bring it.

By Mr. Winch:

Q. What is your feeling in respect to Governor General's warrant?—A. My instruction is to put my report reference to all special warrants issued during the year.

This coming year I have to deal with those issued last August, and then with the one issued in February, and put them in my report, with sufficient particulars so that if you gentlemen want to take up that subject, the topic is before you and I could not be challenged as not having placed it before the committee.

But when you issue a Governor General's warrant, it is a delegation from parliament; the government is exercising a delegated power. Parliament has released its strict control over the application of the Consolidated Revenue Fund.

It is vital for any government to see to it that a Governor General's warrant meets the conditions required by section 28; first, the house must not be sitting; and second, the money must be required for the public good. If you meet those two tests, the discretion is that of the government.

We are a little unique in this country with respect to Governor General's warrants. In most British commonwealth countries, where they have a warrant there is a ceiling as to the amount which may be issued in a year. But we have never put on a ceiling, because of our experience in the 1896 election.

That is when the practice was established in this country. Sir Charles Tupper was defeated without supply being granted, and Sir Oliver Mowat had to make a ruling as to whether the civil service and so on could be paid. That established our present section in the Financial Administration Act.

Governor General's warrants are rarely used now except at election time. We had to use them in 1936, in 1940, and this spring.

Mr. WINCH: And last summer.

By Mr. McMillan:

Q. I wonder if you examine all the bids on contracts, and if you have men to go into the technical details of the work.—A. We watch the department's process. We inquire when they pass up the lowest bidder.

Bear in mind that I am no great admirer of invariably accepting the lowest bid. If the lowest bidder is not a good and responsible man, he will be a "damn" expensive man to hire. We are required to go into the reasons why the low bidder is passed by.

We then follow through and watch how the bids are opened. We also watch to see if they are properly tabulated, and to see that bids which are received after the closing date are not considered, and so on.

We also watch the department when a contractor has obviously made a mistake in his bid; perhaps he had not carried out his calculations right; and we object if the department takes advantage of a contractor. We say it is not good business. We expect fair dealing on his part, and we should give him a fair deal on our part. Moreover, if it ever reached a court of law, it might be said that they had never reached a common agreement on the subject.

By Mr. Walker:

Q. When the lowest bid is not accepted, do you check to see the reasons from the information which you have?—A. We check to ascertain why. We are also interested in seeing that the department reports to the treasury board or to the government in the case where it has passed up the low bid.

Q. Would the matter not reach the treasury board before it reaches you?—A. No, we see it before the treasury board. In due course we would see the report to the treasury board.

As a rule contracts do go to the lowest bidder because departments have the excuse if they are ever challenged that they gave it to the low man. But it might not be good business.

Mr. PICKERSGILL: I think some of us would be very much interested in the suggestion of the Auditor General that there is far too much detail in the public accounts, and in what kind of detail could be eliminated.

I agree with his view that there is too much detail, and I think there are far too many trifling things going before the treasury board.

The difficulty we have, as members of parliament, is to discriminate in these matters between things which may be small in essence but important in consequence, and things which are genuinely trivial.

I think a lot of us would be interested—I know for myself that I would be greatly interested—if the Auditor General at our next meeting, or at some early subsequent meeting, might give us some views as to the best way in which a lot of detail that does not really serve any purpose except to discourage one from studying the public accounts, might be eliminated.

The CHAIRMAN: This morning, on account of another engagement very shortly, may I suggest we adjourn.

I am sure we are very much indebted to Mr. Watson Sellar for the interesting and useful information he has given us.

Mr. BENIDICKSON: What is your program for Wednesday?

The CHAIRMAN: I suggest that Mr. Sellar come back next Wednesday morning. In the meantime we shall have sufficient weekend reading.

Mr. BELL (*Carleton*): May I suggest that on Wednesday morning we complete the general discussion as rapidly as possible and then begin going through the report paragraph by paragraph. I think in essence it starts with paragraph 27. Those are the things we are likely to be interested in, and we could go through it in a logical order.

The CHAIRMAN: I suggest that the steering committee remain behind for a meeting now.

Mr. McMILLAN: You spoke about distributing another document.

The CHAIRMAN: Yes, it will be distributed in the mail and it should be in your hands before Monday morning. The Financial Administration Act is included in the back of the Audit Office Guide.

*Canada, Province of Quebec
1958*

(HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications



STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

WEDNESDAY, AUGUST 6, 1958

WITNESS:

Mr. Watson Sellar, C.M.G., Auditor General

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

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(a) Bell (<i>Carleton</i>)	Hanbidge	Nugent
(b) Benidickson	Hardie	Pickersgill
Bissonnette	Horner (<i>Acadia</i>)	Regier
Boulanger	Houck	Robichaud
Bourbonnais	Keays	Small
Bourget	Lahaye	Smith (<i>Simcoe North</i>)
Campbell (<i>Lambton-Kent</i>)	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Campbell (<i>Stormont</i>)	(d) Macnaughton	Spencer
Campeau	MacRae	Stewart
Cathers	Martel	Valade
Coates	McCleave	Villeneuve
(c) Crestohl	McGee	(e) Walker
Denis	McGregor	Winch
Drouin	McMillan	Wratten
Fraser	Morissette	Yacula
Granger	Morris	
	Morton	

Antonio Plouffe,

Assistant Chief Clerk of Committees.

- (a) Replaced Mr. Campbell (*Lambton-Kent*) on July 8.
- (b) Replaced Mr. Boulanger on June 12.
- (c) Replaced Mr. Denis on July 31.
- (d) Replaced Mr. Crestohl on July 9.
- (e) Replaced Mr. Small on July 9.

MINUTES OF PROCEEDINGS

WEDNESDAY, August 6, 1958.
(4)

The Standing Committee on Public Accounts met this day at 9.30 o'clock. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bissonnette, Bourget, Campbell (Stormont), Campeau, Cathers, Fraser, Grenier, Hales, Hanbidge, Houck, Keays, Lahaye, Macdonald (Kings), Macnaughton, McCleave, McGee, McGregor, McMillan, Morissette, Murphy, Pickersgill, Robichaud, Smith (Winnipeg North), Spencer, Stewart, Villeneuve, Walker, Winch, and Wratten —(30).

In attendance: Mr. Watson Sellar, C.M.G., Auditor General of Canada.

The Committee continued its examination of the Public Accounts.

The Chairman read the Second Report of the Steering Committee as follows:

TUESDAY, August 5, 1958.

Your Steering Committee met in the Chairman's Office this day at 4.30 o'clock.

Members present: Messrs. Walker, Winch, McCleave.

After considerable discussion of the numerous items contained in the Auditor General's Report now before the Committee, and having regard to the limitations of time, it was agreed:

1. To continue to take full advantage of the presence before the Committee of Mr. Watson Sellar,
2. To call and examine witnesses in relation to
 - (a) Postage rates on newspapers and periodicals (Para 27),
 - (b) the form of presentation of the Public Accounts to Parliament,
 - (c) the suggested adoption of the practice of having the revenue from the Services taken into the calculations when preparing an estimate of expenditures,
 - (d) the construction of the new Printing Bureau (Department of Public Works),
 - (e) the operation of the said Printing Bureau (Queen's Printer).

Your Steering Committee so recommends.

On motion of Mr. Walker, seconded by Mr. Pickersgill, the said report was adopted. Mr. Watson Sellar was called and questioned on paragraphs 45, 55, 60, 61, 62, 84, 90, 91 and 117.

The Committee then began consideration of Item (d) above—construction of the new Printing Bureau.

Mr. Sellar made a general statement thereon and was examined.

STANDING COMMITTEE

It was agreed to continue this aspect of the Committee's study on Friday next when the Deputy Minister of the Department of Public Works will be called as a witness.

At 11.00 o'clock the Committee adjourned until Friday, August 8, at 9.30 o'clock a.m.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

WEDNESDAY, August 6, 1958.
9:30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. Yesterday your steering committee met at 4:30 in my office for the purpose of considering the tremendous volume of work which we have ahead of us and the short time within which to do it. We tried to make an analysis of the situation and we prepared a report which was, of course, unanimous. I would like to read that report to you this morning. It is our suggested mode of procedure for the next two or three weeks.

(*See Minutes of Proceedings*)

If this is in order, I would like your concurrence in this second report of the steering committee.

Mr. WALKER: I move the adoption of the second report of the steering committee.

Mr. PICKERSGILL: I second the motion.

Agreed to.

Mr. WINCH: Mr. Chairman, now that you have the authorization of the committee for the adoption of the report of the steering committee we can now proceed and arrange for the calling of the witnesses which the committee now requires. I would like to suggest, now that Mr. Watson Sellar is here, that we may ask him whether or not he has anything in addition to what he told us at the first meeting which he would like to raise at this early stage relative to his report. I would suggest if he has that he be asked to proceed and then perhaps we might follow that by having the members of the committee ask questions on certain phases of his report which have come to their attention.

Mr. PICKERSGILL: I am quite in agreement with what Mr. Winch suggests. In respect of the second part of his suggestion, it might help us if we just took the paragraphs in order.

The CHAIRMAN: Gentlemen, I have discussed this with Mr. Watson Sellar and he feels that if we proceed from paragraph to paragraph that it would take us four or five meetings to clear up the report. Last evening after consultation with the members of the steering committee, I extracted certain paragraphs in which the committee might be interested. May I give these to Mr. Watson Sellar now and ask him to comment on them. The paragraphs start at page 12 and are numbered as follows: 45, 55, 60, 62, 71, 77, 78, 82, 84, 90 and 117.

Now, of course, this is not inclusive and anyone is free to raise any other paragraph.

Mr. WINCH: You must be a mind reader; you have got the paragraphs I want in there.

The CHAIRMAN: Mr. Sellar on page 12, referring to paragraph 45, the heading is, "Payments for the care of sick mariners". Would you care to give the committee some information on this particular paragraph and tell us what you have in mind?

45. *Payments for the Care of Sick Mariners.* Part V of the Canada Shipping Act provides a scheme of levies on shipping to provide for the care of sick mariners. Moneys received are credited to Consolidated Revenue Fund as Revenue while section 320 declares:

320. All expenditure made under the provisions of this Part shall be paid out of such moneys as Parliament may appropriate for the purpose.

Accordingly, Vote 248 granted \$967,575 for the purpose and \$910,693 was spent. Included among the outlays were charges of around \$75,000 for medical services provided to members of crews of Government-owned ships. Since 1954-55 no sick mariners dues have been paid with respect to these crews, consequently the charges are irregular because the Canada Shipping Act stipulates that:

Mr. MURPHY: Mr. Chairman, do you intend not to discuss the items prior to this one?

The CHAIRMAN: Not at this stage. The reason for our second report of your steering committee was to concentrate on certain specific matters which arose from the evidence given by Mr. Sellar at our last meeting, namely, former public accounts, charges on second class mails and various other things.

In order to do that we have to call witnesses and it will take a day or two before we can bring them here to appear on Friday. Actually, I thought on Friday we could start with the printing bureau.

Mr. MURPHY: The reason I interrupted, Mr. Chairman, was that I did intend to ask some questions about the audit and operations of crown companies.

The CHAIRMAN: Well, I wonder if we could take up these paragraphs first.

Mr. MURPHY: That is quite all right.

The CHAIRMAN: The reason being a little publicity will not hurt and it might be a little help, and we can then return afterwards.

Mr. MURPHY: Very well, if there is time afterwards.

Mr. MURPHY: Oh yes, Mr. Sellar is here at the disposition of the committee.

Mr. Watson Sellar (Auditor General of Canada), called:

The WITNESS: Mr. Chairman, the first paragraph you refer to is paragraph 45 which deals with sick mariners. This is an old scheme; it dates from confederation. All ships coming to Canada must pay a toll at certain times of the year. Then, our local coast-wise vessels pay a certain toll. In some cases it is as small as \$10 a year and in turn that entitles all members of the crews to free medical treatment in case of accident, sickness and so on.

The crown is not named in the part. Therefore, in law the crown is not liable to make contributions for its crews. For quite a number of years the crown did make contributions but a few years ago it was decided to review the whole question and decide what the policy should be in future.

The reason is that the scheme is far from being self-supporting. The expenditures of the year were \$910,000 and I think the revenues were in the nature of \$360,000. You will see there is a wide gap.

The crown has taken no action to make any contributions but is charging up the sicknesses of these people to the account, while it really should be a vote to the Department of National Health and Welfare (that the Departments of Transport and Fisheries should really be bearing).

If the committee is interested in the subject, I think you have to look at it from a broader horizon than I have. Actually, there are two things which have happened in recent years that are of importance.

First, you have the coming of the St. Lawrence Waterway which will bring ocean shipping into the middle of Canada with boats calling at both Canadian and American ports.

Secondly, you have hospital and health insurance coming into effect in the near future which will to a certain extent, take the place of this scheme I think, as a matter of policy, this matter might merit consideration.

I do not suggest that you worry much over my little points because in due course I can straighten that out with the departments concerned. If it is bigger stuff I suggest you give a little thought to it.

By Mr. Pickersgill:

Q. I do not suppose the Auditor General would know, or it may not be within the terms of his reference, whether the kind of services now given to mariners are of a class or kind that would be comprehended in the hospital insurance schemes?—A. I do not know, sir.

Q. That is a question one should ask the Minister of Health and Welfare on his estimates.—A. You, sir, as a member for Newfoundland will be directly concerned with this on account of fishermen. The fishermen are covered by this. That is why I say you ought to look at it very carefully.

Mr. PICKERSGILL: I used to be a ship owner, too.

The CHAIRMAN: Are there any other questions on this paragraph?

The WITNESS: The next paragraph is No. 55.

55. *The Financing of a Gift of Wheat.* On 18 March 1957 the House of Commons accepted Vote 559, "to provide for a gift of wheat as a contribution to flood relief for Pakistan". The amount was \$1,475,834. The transaction is noted because (a) notwithstanding section 97 of the Financial Administration Act, the decision taken in August 1956 to make this gift was not evidenced by an order in council, (b) the wheat was shipped in October and November 1956, and (c) the cost was initially financed out of the resources of the Colombo Plan Fund, which exists to finance projects for economic development (not relief) in certain areas of Asia. The action of Parliament had the effect of regularizing what was irregular, but attention is drawn because (i) this is the second time that a like use has been made of the Colombo Plan Fund, and (ii) the debate on the item did not disclose that the House was considering a *fait accompli*.

Mr. WINCH: I hope you will give us, Mr. Sellar, a very clear exposition of this because it does seem a rather peculiar situation to which attention should be drawn and, therefore, it should be fully understood.

The CHAIRMAN: Gentlemen, page 15, paragraph 55, "the financing of a gift of wheat".

The WITNESS: The situation is this, gentlemen, there was a serious flood in Pakistan and it was felt that the government of Canada should make a contribution towards the relief of the people affected. The matter came before the cabinet or the government, and it was decided that the Canadian people would do something.

Parliament was not in session and therefore it was decided to finance at the outset, by making a charge to the Colombo plan moneys. That was where the money was to come from. The Canadian Wheat Board was instructed to acquire the wheat and ship the wheat. That was done.

The Canadian Wheat Board made the purchase and I think that practically all the shipments were made before the end of November. I may be wrong in that but in any event, some were. The payment was charged to the Colombo plan. The Colombo plan money is to assist for the economic development of the countries of southeast Asia.

Wheat to be consumed is not for the economic development of a country; it is to relieve hunger. The government recognized that and in due course brought in a vote to provide for the purchase of this wheat. But the discussion was such that the impression might be left with the members of the House of Commons that the purchase was going to be made after the vote was granted. That is the reason I have made reference to it here. Everything is perfectly legal now.

By Mr. Murphy:

Q. Has that occurred since? Has the same practice occurred since that one instance?—A. It has occurred before and we all know there have been items in the newspapers but they have not come before me in accounts.

By Mr. Winch:

Q. That is the point I was raising. I notice you say it is the second time it has happened and I rather gathered from the fact that you have mentioned it here and placed emphasis on it, that you are of the opinion that there is something wrong in policy here.—A. On the previous occasion it was a gift to India after a famine in India, I believe, two, three or four years ago. I referred to it in my report then. In that case it was left charged to the Colombo plan.

By Mr. Murphy:

Q. The Colombo plan then, you say, has not been reimbursed by this amount of money?—A. In this case yes, but in the previous case, no.

By Mr. Pickersgill:

Q. Is it not true, Mr. Sellar,—and I really do not know—that in the previous case the Indian government put up counterpart funds so in fact it really had the same effect as though this money had been used for economic development?—A. That is correct, sir. The trouble is, the government never got a statement of the counterpart fund credit application. They agreed to do that, I agree with you, but we never got a statement of the application of the fund.

By Mr. Winch:

Q. Can I ask this question because the reason it came to my mind was the outline given by Mr. Sellar and a certain reading over the week-end.

One of your big responsibilities is to see that any money which is expended is expended as authorized, and not in a case like this where money cannot be spent out of a vote for a purpose outside that vote. Is that the point you are drawing to the attention of the committee?—A. In this case it was all right because it was regularized within the year, but I thought the house should know that the money had actually been spent before and that was voting to regularize expenditure already made.

Q. What would be the position then, if within a year, something like this, an expenditure of that money is not regularized?—A. I would have to report it to you, sir, as being made without authority. Then, you could take whatever action you desired. I have no power to disallow anything; I simply report.

Q. You do not require to have an order in council to cover something of that nature?—A. Invariably there is, sir.

Q. There is?—A. Yes, invariably there is.

By Mr. Pickersgill:

Q. I suppose, Mr. Sellar, if this purchase had been made out of the unforeseen vote instead of the Colombo plan vote, those unforeseen votes, I understand, are always provided for by sufficient payments?—A. That would be quite regular.

Q. That would be the regular way to do it?—A. Yes.

By Mr. Macdonald (Kings):

Q. Is there a general item under which this might have gone?—A. The only thing it could have come under is the unforeseen vote to which Mr. Pickersgill has just referred here.

By Mr. Walker:

Q. Are you suggesting in future that it should be taken from this unforeseen fund rather than from the Colombo plan? Is that your suggestion as to a solution, or do you want it voted by a separate vote?—A. It is a question of parliamentary control. That is my basic interest, whether you would want to appropriate large sums in expectation of disasters. It is a matter of policy. My own feeling is that the proper action to take in cases of relief, is not to have any appropriation but to provide, when the house is in session, by asking for a vote, if the house is not in session, to proceed by Governor General's warrant.

By Mr. Hales:

Q. I would like to have Mr. Sellar's viewpoint. It would seem that the Colombo Plan would be the logical place to charge this expenditure, provided that the Colombo Plan had the right wording in it. It is for economic aid, but if they added the words "for human welfare, or human disaster", it could be charged to the Colombo Plan, where, personally, I think it should be charged.—A. I do not want to argue with you, Mr. Hales, but you would be cutting into the purpose of the Colombo Plan if you made it a relief measure.

By Mr. Walker:

Q. The purpose of the Colombo Plan has been outlined by many nations and they have all agreed on the formula. We could not possibly change it without reconvening the nations who organized it.—A. You are getting beyond me in that field, Mr. Walker.

The CHAIRMAN: That is true. The original grant was for economic purposes, whereas under this paragraph some of it was used for the purpose of filling bellies.

The WITNESS: The purpose is set out in the Appropriation Act of 1953, chapter 12, which provides that the balance of any vote in a year which is not spent is to be transferred to this special account which can be used for two purposes: (a), for grants and loans to the governments of countries in south and southeast Asia to assist in their economic development and for special administrative expenses in connection therewith; and (b), for technical cooperation for those countries including the engagement for service of technical and professional experts in accordance with the regulations established by the Governor General in council, the persons so engaged to be contractors and not servants of the crown.

That is the language fixed by parliament.

By Mr. Winch:

Q. Do you, as Auditor General, feel that your responsibility definitely is that when monies are spent out of the fund—which are not authorized, that even if those expenditures are regularized, they must be drawn to the attention of this committee? And secondly, do I gather from your remarks that you feel basically it is wrong for there to be a system whereby the House of Commons, in its control of expenditures, is faced with a *fait accompli*?—A. I would like to see the House of Commons on top, always dictating what the future policy is to be.

The CHAIRMAN: That is the reason you put it in. The debate on the item did not disclose that the house was considering a *fait accompli*.

Is there anything else on that paragraph, gentlemen?

By Mr. Murphy:

Q. If this was charged to the Colombo Plan originally, and you have counterpart contributions from the country to which this was sent, then what is the result when this is charged to another fund and the Colombo Plan money is reimbursed for what was spent by the government? After all, we do not have much control over the nations which support the Colombo Plan. We do not have much control over this counterpart money or the expenditure of it.—A. We do not.

Q. What is the procedure if it is charged to the Colombo Plan? Does the nation which receives it put up counterpart money, or is it considered assistance to this Colombo Plan?—A. Might I explain it this way: using the case that I raised a few years ago, when we bought some engine boilers for India. They were manufactured in Canada. They were shipped to India. The agreement with India was that they would put up counterpart funds.

But India took the view that our prices were too high and that they could have got the engine boilers in Austria for much less.

It was agreed here that the counterpart funds which they would raise would be the Austrian equivalent price.

The Auditor General of India was supposed to make certain that those counterpart funds were set up in rupees in the account and dispersed for special projects for the economic development of India that had been approved by the government of Canada.

I talked to my opposite member in India and I found that he was not doing much about those counterpart funds.

I am still a little doubtful as to what application has been made of them, and whether or not they are anything more than bookkeeping entries for the time being; but of that I am not certain because I cannot prove my case. I am suspicious but not certain.

By Mr. Pickersgill:

Q. In this case is it not true that there was no provision made for counterpart funds?—A. I cannot tell you. I do not think so; but it would amaze me, because it was for famine relief.

Q. That vote was reimbursed?—A. Yes.

The CHAIRMAN: Is there anything else on this item?

By Mr. Spencer:

Q. You mentioned the fact that you felt that the House of Commons should be on top of the situation. But the House of Commons was not in session and there was an emergency or disaster. How should the government go about assisting, if it desired to do it?—A. By means of Governor General's

warrants. I think the government would be clearly out in the open in assuming the responsibility. Otherwise it might remain in the Colombo Plan fund which, at the present time, is about \$60 million, and you would not know about it.

The CHAIRMAN: We are on page 16 now, item 60, "Project Abandoned".

60. *Project Abandoned.* In the course of audit examinations, instances are occasionally observed where, after considerable development work, projects are abandoned. An example is a project authorized several years ago for the development and manufacture of an electronic tactical trainer for the Joint Maritime Warfare School, Halifax. Its size may be visualized by noting that it was estimated it would require 35,000 square feet of floor space. The purpose was to provide facilities for the training of personnel in tactical operations involving aircraft carriers, aircraft, submarines and surface vessels. In 1951 a contract for \$750,000 was awarded for production work and in the following year expenditure of a further \$2,068,000 was authorized—it being estimated that \$2,818,000 would cover the cost of completing the trainer according to design. By 1956 costs made under these and supplementary authorizations had materially exceeded the original estimate, and it was arranged that the Defence Research Board become responsible for the project. The Board retained outside expert opinion to report on the merits of the project and the probable ultimate cost. The report was to the effect that the project should prove excellent for training purposes but that the ultimate cost might be between \$16 and \$19 million. Accordingly, it was decided to abandon the project which, to 31 March 1957, had cost about \$6,000,000, including \$700,000 for a building to house the installation.

Mr. WINCH: This is a very important paragraph. I think it applies to British Columbia. It appears as though the government has put out more money than it was supposed to under an inspection system.

Pardon me, I was referring to paragraph 61.

The CHAIRMAN: We are dealing with paragraph 60.

Mr. WINCH: I was thinking of paragraph 61.

The WITNESS: If you wish I will speak on paragraph 61 as well.

Mr. WINCH: Yes. I am sorry, that is the paragraph I am interested in.

61. *Overpayment on a Shipbuilding Contract.* In shipbuilding, a generally accepted practice is to provide in firm-price contracts that progress payments will be made as various stages of construction are reached. This arrangement was included in a 1953 contract for a small naval vessel to cost \$119,200. Certificates as to progress were given by departmental officers from time to time, and payments made. Subsequently it turned out that these certificates were unsupported because, while the contractor had been paid over 80% of the contract price, less than 50% of the work had been performed. The contractor not being in a position to finance completion, the contract was cancelled in September 1956, with the Department of National Defence taking possession of the uncompleted vessel.

The WITNESS: On paragraph 60, sir; this is noted but not under any specific instructions, to the Auditor General. This comes under the general direction to call to the attention of the House of Commons any case that I deem merits the consideration of the House of Commons. That is the reason for paragraph 60. A tremendous amount of money is involved, and I would say at the time this note was written a complete loss of the money.

The navy decided to construct a special—I do not know whether to call it a machine or what—electronic machine to teach air crews, seamen and so on, the manner of handling convoys in time of war. This is a huge thing.

It was represented to the government as costing approximately \$1,500,000 to \$2 million at the outset. A large amount of money had to be spent on a building into which it was going to be put. The cost kept rising until over \$5 million had been spent.

The Minister of National Defence ordered a halt to this project. He transferred it to the research division of the Department of National Defence and they called experts from the United States—one from the Massachusetts Institute of Technology—to investigate the project. They reported that the scheme was an excellent one but that it might cost \$19 million before it was completed.

The government decided to call it off and write off the cost to experience.

Since then there has been a question asked in the House of Commons on this subject. The question was answered on January 22 of this year by the Minister of National Defence. He took the view that the machine had some possibilities and the project is now in the control of the Department of Transport.

The Department of National Defence is acquiring an appliance from the United Kingdom which they feel will serve the purpose equally well. The only difference in the two is, the one they are acquiring from the United Kingdom is going to cost \$900,000 and the other one they have already spent \$5 million for, and according to the experts was expected to cost in the neighbourhood of \$19 million.

Of course I did not know that but I am drawing it to your attention.

Mr. MURPHY: I would say, Mr. Chairman, in view of the amount which is involved in this particular paragraph, and having regard to what Mr. Sellar has just told us, this is a subject that should really be brought up for discussion when the estimates come before the House of Commons.

By Mr. Walker:

Q. Mr. Sellar, you suggested that representations had been made at the beginning that this machine would cost between \$1,500,000 and \$2 million. Were those representations made as a result of plans and specifications, or was it just a guess?

Mr. CAMPBELL (Stormont): Wishful thinking.

By Mr. Walker:

Q. \$1,500,000 to \$2 million was the original estimated cost and it has cost \$6 million so far. This project has now been abandoned because it was estimated that it would cost around \$19 million to complete it properly.

How could an estimate of \$1,500,000 to \$2 million be made, and by whom was it made?—A. Of course, it would come over the signature of a minister. Whether this was the Minister of National Defence or the Minister of Defence Production, I am not sure. This originated with the navy and the representations would be made to the treasury board.

Q. Do you know whether at that time there were any plans or specifications on which that estimate was based?—A. My understanding, sir, is that it was an experimental thing and they had certain ideas and plans worked out, but to say this was like a building plan, no. I think it was—

Q. It was just a guess project?—A. I do not want to go beyond my depth and I could very quickly go beyond my depth when you ask me technical questions.

Q. It is not beyond your depth to ask you whether there were plans and specifications. There either were or were not.—A. I have never seen any.

Q. You have never seen any?—A. No, and I have never looked for any.

Q. Would you have any knowledge what the original idea was based on?—A. No.

Q. Was the money appropriated at the time for this \$1,500,000 to \$2 million project by the government of that day?—A. It was. The big vote for National Defence is something in the neighbourhood of \$1,800,000,000, and what is called an allotment was made by the treasury board for this machine.

Q. I take it from what you have said that there were no plans or specifications when the matter was undertaken initially. You do not know that there were any, in any event?—A. I do not know.

Q. Could you give us any idea why the cost jumped from \$1,500,000 to \$2 million, and then to \$6 million? Were there any initial specifications and plans drawn, and were they changed, and if so, how much and when?—A. Again I would have to get that information for you, sir. My information as to what happened is purely financial.

Q. Quite so. In whatever I say, Mr. Chairman, there is no criticism in regard to Mr. Sellar. However, we as a committee—I think I am expressing the view of most of the members—would like to know why this tremendous variation from \$2 million to \$6 million, and then why the whole matter was scrapped. Could we get that information so that we will have an answer to these questions?

The CHAIRMAN: Yes, I think so.

The purpose of raising this subject today was to indicate the sort of thing which we should inquire into. I doubt very much if we will have time this year to go into these things thoroughly, but certainly next year we should follow them up very thoroughly. We thought it was our duty to bring these things to your attention, and that is the purpose of discussing paragraph 60 at this time.

The Minister of National Defence has indicated that he is prepared to go ahead with this now, is that correct?

The WITNESS: No. Possibly I should read the minister's answer into the record. This answer appears in Hansard but I could read it into the record now.

The CHAIRMAN: I think you should read his answer now.

The WITNESS: Perhaps we could make his answer an appendix to the minutes of this meeting.

The CHAIRMAN: I think that you should read the answer now and clean it up.

The WITNESS: A question was asked by Mr. Castleden with reference to section 60 of the Auditor General's report of 1957:

1. What official of the Department of National Defence authorized the expenditure of some \$2,068,000 for the Joint Maritime Warfare School at Halifax?

The answer to that question was given by the Hon. G. R. Pearkes and reads,

Mr. Speaker, the answer to part 1 of this question is that the authority for expenditure was minute of treasury board No. 438,477, dated November 14, 1952.

"2. To whom was the original contract of \$750,000 awarded?"

"The answer to part 2 is Computing Devices of Canada Limited".

"3. Was this project abandoned?"

The answer is,

The answer to part 3 is yes. This project was cancelled in July, 1956, and in June, 1957, the former government issued a cabinet directive transferring the trainer to the Department of Transport. Arrangements were made by the Department of Transport with the civil aeronautic authority for the trainer to be converted to an air traffic control simulator

by Computing Devices of Canada Limited, the cost of such conversion being met by the civil aeronautic authority. It is expected that this conversion will be completed in April, and the trainer will then be moved to the C.A.A. establishment in Indianapolis where it will be used by both D.O.T. and C.A.A. It has been agreed that C.A.A. will rent the equipment for the nominal sum of \$1 per year."

The fourth question was,

"If so, on what date, and what was the total expenditure on the project up to time of abandonment?"

The answer to part 4 is that the decision to cancel the project was taken on July 24, 1956. The expenditure on the project was \$5,052,617.55.

Question 5 was,

"What was the cost of the building erected to house this project?"

The answer to part 5 is that the building in which the trainer was to be housed comprises 75,655 square feet. The space allocated for the trainer was 35,000 square feet. The proportionate cost of the 35,000 square feet is \$700,000.

Question 6 was:

What use is being made of the building?

The answer to part 6 is that this space is to be used for the accommodation of an alternative trainer, which has now been ordered from the United Kingdom at a cost of \$900,000. This is to be installed during 1958-59.

By Mr. Murphy:

Q. There is one further question I should like to ask Mr. Sellar. I wonder if we could be informed as to when that \$900,000 machine was available from Britain? It is mentioned in the minister's answer, which you have just read, that this machine will serve the same purpose as the machine which was estimated at a cost of \$19 million. A. You are asking when it was received? I would have to get that information for you.

Q. When was it available? A. I will have to get that information for you. I do not know at this time.

Mr. MURPHY: Mr. Chairman, is it intended to have the minister and his deputy appear before this committee?

The CHAIRMAN: Yes, if we have time.

Mr. PICKERSGILL: I would suggest in regard to the point raised by Mr. Walker and Mr. Winch that it is a point on which we should not expect the Auditor General to give us information. I think it is something that the Deputy Minister of National Defence or one of his officials would know about.

Mr. CAMPBELL (Stormont): Mr. Chairman, Mr. Clemenceau stated that war was too serious a business to be left to generals. I would suggest that when we are dealing with an amount of money such as this, it is too serious to be left to admirals. I would suggest that this subject should come up before the House of Commons when it is considering the estimates. There seems to be a colossal blunder here.

The CHAIRMAN: As I have said, the purpose of bringing this subject up this morning was to bring it to your attention. I doubt very much if we will have time this session to go into it as thoroughly as we normally would. If you care to raise a question in the House of Commons that, of course, is your privilege.

Mr. WINCH: Mr. Chairman, I would suggest that we are over-looking another point in regard to items of this nature. If we feel that they are important, they should be examined in this committee because here we can have the officials of the department appear and can ask questions of them. You cannot do that in the House of Commons.

The CHAIRMAN: That is right.

Mr. WINCH: You could only direct it to the minister then.

Mr. WALKER: I agree with Mr. Pickersgill's suggestion, and as Mr. Winch pointed out, rather than have Mr. Sellar acquaint himself and come before the committee—it would be secondhand information—we should have those in charge of the particular department which allocate these costs and who are responsible for spending from \$1½ million up to \$6 million, and then abandoning it because it was going to cost \$16 million to \$19 million. At a later meeting, if there is time, I suggest perhaps you should be empowered to call together the proper witnesses to go into this matter thoroughly.

The CHAIRMAN: May I suggest you leave this to the steering committee and if there is time we will call witnesses.

Mr. CAMPBELL (*Stormont*): If not this session, could a searching inquiry be made at the next session?

The CHAIRMAN: I would think so.

Mr. CAMPBELL (*Stormont*): Can we make any definite commitment now in this committee that there will be an inquiry into it at the next session?

The CHAIRMAN: I do not think we should tie our hands, but our desire next session is to go into everything. This session we are limited by time. We also decided to investigate thoroughly the form of presentation of public accounts, the printing bureau and the other items mentioned on the second report read this morning. Physically, there is not the time to go into all these details, but we thought it was our duty to bring these matters to your attention.

Mr. CATHERS: Would it not be better to go into a few things intensively and go to the bottom of them, rather than go over a whole lot of things in a superficial way?

The CHAIRMAN: That is the purpose of our original report.

Mr. WINCH: At the first meeting it was agreed that there should be a general pointing out of all these matters.

The CHAIRMAN: There were other things of greater importance: international postage rates on newspapers and periodicals; the form of presentation of the public accounts to parliament,—and we want to call a witness on that; the construction of the new printing bureau and the operation of it,—and there are witnesses to be called in regard to that matter. We hope next Friday to go into that thoroughly. And (c) the suggested adoption of the practice of having the revenues from the services taken into the calculations when preparing an estimate of expenditures. The program which I have just suggested should occupy at least four meetings.

Mr. MURPHY: Mr. Chairman, may I make a suggestion? This committee was set up late and as a result we have been slow in starting. I think it is important that the committee should sit at least three times a day because we have an agenda there that is going to take a good deal of time. I have no doubt if we sat four days a week three times a day we would be able to finish. However, in view of the fact it has been set up late—I was chairman of a committee which sat three times a day and we had no trouble getting a quorum—I would suggest the steering committee through you, Mr. Chairman, consider, the necessity as well as the advisability of having two or three meetings a day at least four days a week.

The CHAIRMAN: Mr. Murphy, would you leave that to the steering committee?

Mr. ROBICHAUD: The house will start sitting in the morning, and it is going to make it rather difficult.

Mr. PICKERSGILL: We agreed at the beginning of this committee that a certain procedure would be followed; could we follow the procedure agreed on today?

The CHAIRMAN: We will take that into account at the next meeting of the steering committee; we will do our best.

Mr. HALES: While you are discussing procedures in your steering committee, would you take as a suggestion that this group, if possible, should visit the printing bureau in person and take a short tour through that building. I, as a complete stranger, have never been in the building, and as we are going to discuss it, I would like to know what I am talking about.

The CHAIRMAN: We will try to arrange it. Are there any other questions in regard to this paragraph at the present time? May we go to paragraph 61 on page 16?

61. *Overpayment on a shipbuilding Contract.* In shipbuilding, a generally accepted practice is to provide in firm-price contracts that progress payments will be made as various stages of construction are reached. This arrangement was included in a 1953 contract for a small vessel to cost \$119,200. Certificates as to progress were given by departmental officers from time to time, and payments made. Subsequently it turned out that these certificates were unsupported because, while the contractor had been paid over 80% of the contract price, less than 50% of the work had been performed. The contractor not being in a position to finance completion, the contract was cancelled in September 1956, with the Department of National Defence taking possession of the uncompleted vessel.

The WITNESS: Paragraph 61 deals with a small thing in a way. The navy wanted a small vessel on the Pacific coast. It had contracted for such a vessel at a cost of \$119,000.

The basis of payment for vessels is that you pay 15 per cent of the purchase price when the keel is laid, 25 per cent when the materials are ordered, 25 per cent when the vessel is framed and planked, 15 per cent when launched, 10 per cent when the engines are installed and 10 per cent when the vessel is accepted.

In this case there was a slip-up and we had paid 80 per cent before 50 per cent of the work had been done. The navy then took over the vessel and in the true navy style made further improvements to it. The ultimate cost was not \$119,000 but roughly \$200,000. The vessel is now finished and regarded as quite satisfactory. However, it seemed to me this little thing showed a slackness on the part of the navy or defence production engineers or whoever it was who was supposed to be examining this ship—and I made reference to it. We now have the ship. It is not a big transaction, but just to be fair to the original contractor, I would like to say on investigation it was found he had actually spent the total amount he had received. There was no skullduggery on his part. We had slipped up.

By Mr. Winch:

Q. This is the point I was going to raise: the reason I was interested was not to point out you had slipped up, but as to just how it was possible for an 80 per cent payment to be made when there should only have been a 50 per cent payment. Have you any constant check on a contract of that nature, where money is being paid?—A. Engineers' certificates, sir; that is what we work on.

By Mr. Walker:

Q. In other words, these were false certificates indicating that 80 per cent of the work had been completed whereas in reality only 50 per cent had been completed?—A. Yes, sir.

Q. But going back over this matter again, you found although the certificate had been false, nevertheless the allocation of 80 per cent advanced to the contractor had in fact been used by him on the ship?—A. We received the value for what we paid him.

By Mr. Winch:

Q. That could be a serious thing if it was a large contract.—A. The confusion in this case arose due to the fact that there was free issue involved in this thing and some of the free issue on delivery proved to be unsatisfactory and had to be replaced.

By Mr. Murphy:

Q. Did the same contractor complete the job that originally started it?—he did not complete the job?—A. I do not think so, but I would have to verify this for you.

Q. Was this contractor then on a cost-plus basis or a firm contract?—A. That particular job was not completed in that fiscal year. It comes into the later audit and I will have to find that out.

By Mr. McMillan:

Q. In other words, the contractor took the job too cheaply in that he spent it all?—A. All I have on which to answer you is hearsay; but what I was told was that it was a job which he was not equipped to handle and that it was a new experience for him.

Mr. BADANAI: Did he go broke?

By Mr. Spencer:

Q. Do you have his name?—A. It has been ruled at previous meetings of the public accounts committee that I should never give names.

Mr. PICKERSGILL: I do not think we should ask the Auditor General to give the name. If we want to follow it up we could ask the question in the house and not compromise the Auditor General in any way.

By Mr. Murphy:

Q. There is a point which I would like to have cleared up. I do not know whether the Auditor General is the proper person to direct this question to. In a case like this do you have a record of the subsequent contract to complete the job at a certain figure? Do you have that contract before you in your audit?—A. We would have it in the audit. We would see it in the department.

Q. If there was another offer at a lower price would you also see that?—A. Oh yes. We get all the file. We are entitled to access to all the documents of the department.

Q. What happens when there is a contract offered at a lower price and it is not accepted?—A. In respect of all contracts in amounts of over \$15,000, those which are passed by are listed with some explanation as to why they are passed by. In our audit we invariably ask why they were passed by. I am not a tremendous admirer of the principle of invariably accepting the lowest contract; I am concerned when it seems to me that the lowest contractor is being passed by for patronage reasons.

Q. Will you explain the reason why some contracts have been given in the past over a period of years to a higher bidder when a lower bidder is equally responsible?—A. If it is listed in a report to the treasury board and the treasury board assumes responsibility for passing it by then I regard that as outside my field.

Q. Would you refer to that in your report?—A. Not necessarily, sir; I might.

Mr. McGEE: I would like, at this point, to bring up a matter concerning access to this committee of certain information. It concerns the directors in some cases and shareholders in other cases of companies doing business with the government. What is the procedure by which this committee obtains the names of the members of the boards of directors and/or shareholders in various companies which turn out to have done business with the government in circumstances which are of interest to the committee?

The CHAIRMAN: You can always ask questions in the house. It seems to me that is the logical place to do it.

Mr. McGEE: It seems that we are gathered together here as a committee to determine and find out certain things. There have been suggestions and it has been said that if we want certain information we go somewhere for that information and some place else for some other information. Has not this committee power to summons persons and papers and obtain information which is pertinent to our investigation?

The CHAIRMAN: Yes. However, we are proceeding with the report of the Auditor General at this time, and if we go off on a tangent we will not conclude our examination of this report.

Mr. McGEE: It is in the course of our investigations.

Mr. PICKERSGILL: I would think if these were companies incorporated by the government of Canada that it would be simple to obtain the information because it would be in the possession of the Secretary of State. If they are provincial companies then it would be within the competence of our committee, I would think, to obtain the information.

Mr. CAMPBELL (*Stormont*): Why could we not summons a member of the board and obtain information from him if we thought it relative?

Mr. PICKERSGILL: I imagine all companies are incorporated either federally or provincially and I am quite sure there would be no difficulty involved in writing to the registrar of the province to obtain that information. It does not seem to me that it would be very useful for this committee to be doing something which is a matter of public record.

Mr. CAMPBELL (*Stormont*): I believe those with whom we are concerned are the shareholders with a major block of shares.

Mr. SPENCER: Shareholders are not matters of public record.

Mr. McGEE: If, as has come up in certain suggestions here, the information is available elsewhere, I would like to empower the staff of this committee to obtain this information.

The CHAIRMAN: The information can be obtained from the Secretary of State in the first instance vis-à-vis federally incorporated companies.

Mr. CAMPBELL (*Stormont*): Not for the shareholders.

The CHAIRMAN: No.

Mr. WINCH: I would suggest if the member has something particular in mind that he let the chairman have the name of the company concerned and the steering committee will endeavour to obtain the information for him.

Mr. McGEE: What I am trying to do is clarify our future working procedure if we encounter and investigate certain phases of this report.

Mr. WINCH: I am absolutely certain that the committee has the power if the information is required.

The CHAIRMAN: Shall we wait until we reach a specific case? We will proceed now with paragraph 62.

62. *Settlement of Damage Claims.* Collectively departments annually settle large numbers of damage claims, with traffic accidents the origin of most. It is appropriate, when a person suffers loss for any reason due to the negligence of a servant of the Crown, while acting within the scope of his duties, that compensation be paid, so audit attention was directed primarily to subsequent administrative action with respect to the person whose negligence originated the claim. Rarely is any recovery made because the governing executive regulations do not call for reimbursement when the negligence involved is of a "minor character", and they define that term by providing:

Where, in the opinion of the Deputy Minister of Justice, the facts as disclosed in the reference indicate only a slight degree of negligence and do not involve recklessness, undue carelessness or intentional omission or commission of any act amounting to a wrongful act, he shall . . . state that the negligence was of a minor character.

Note: This paragraph to be read together with Paragraphs 64 and 65. I would ask Mr. Sellar for an explanation of this.

The WITNESS: Mr. Chairman, this is a long drawn out comment. My concern is that it is controlled simply by regulations when an accident occurs. Let me be clear on one point; if someone is injured by a car driven by a government official, or anything like that, I think that person should be suitably compensated and that the government should not chisel its way out. My complaint, if you could call it a complaint, is that very rarely is a civil servant penalized because an accident occurred when he was driving the vehicle, or whatever you like to call it.

As I point out, we made test examinations of 75 cases where \$169,000 had been paid out and the penalties on civil servants only amounted to \$863 because the Department of Justice rules that the negligence of the civil servant was of a minor character then he escapes without paying anything.

Now, I am a civil servant. All my life I have been a civil servant and I do not think I should be placed in a preferred position over what any company would place its employees in. If I am responsible for an accident I should be penalized in some way or another; I should not get off scot-free. That is one reason why I mentioned this.

The second reason is, we are getting an increasing number of claims in connection with service personnel driving government vehicles without permission and getting into traffic accidents. All that is ever done in connection with those fellows, they may be slapped across the wrist or put in the "clink" for a little while but as a rule no penalty is assessed other than possibly the cost of the damage to the government vehicle; and reimbursement is for that, or partly that.

I feel there should be legislation on the subject; it should not be left to us civil servants to make our own rulings under the regulations; because we are not going to make a regulation if it is going to hurt us.

By Mr. Walker:

Q. What legislation does Mr. Sellar suggest—that a civil servant should be responsible to repay the government for an accident occurring through his negligence?—A. I would not try to pull something out of the air at the moment because you have to decide on cases. I would like to see legislation on the subject rather than regulations.

The great difficulty, Mr. Chairman, would be that any ordinary company or corporation insures its motor vehicles, and so on, and has over-all insurance. They look to the insurance company for reimbursement when there is an accident. So that neither the company nor the employee pays.

Q. As I understand it the dominion government has no insurance—A. No.

Q. —on automobile accidents or other acts of negligence, and therefore the dominion government has to pay the whole amount. I am not satisfied that when one is working in the course of his employment in the government and unfortunately is at some time negligent, because we all are—we are only human—that that employee should be penalized by the government because the government, unlike any other employer, does not carry over-all insurance for property damage, public liability or liability insurance.

By Mr. Pickersgill:

Q. I would like to say a word here as a former member of the treasury board.

I think anyone who has ever served on the treasury board would be very happy to have legislation. I agree with a good deal of what Mr. Walker says about not being tougher on civil servants than other employers would be, but I do think it would be desirable to have legislation rather than have regulations made by the governor in council, because all of us are human. When you have a faithful employee in your department who has, through some negligence, got into trouble you have a natural sympathy for him which is perhaps apt to influence you, whereas if the law was made by parliament we would have to stick to the law.

I think if I apprehend rightly that is what the Auditor General was suggesting.—A. That is right.

Mr. STEWART: How are you going to define your yardstick?

Mr. PICKERSGILL: It is as easy for parliament to define it as for the civil service.

Mr. CAMPBELL (*Stormont*): I am just thinking of the civil servant. If there is a \$100,000 damage claim, the average civil servant is not in a position to pay that. There should be a proportion of contribution towards it.

By Mr. Walker:

Q. Mr. Chairman, I understand at the present time should the government wish to do so, it has a form of recovery; it has authority to recover from the civil servant, has it not? You have said in your report at the top of page 17: "Rarely is any recovery made" but that does not preclude the government from making any recovery, does it?—A. Any payment they can by regulation take away from the civil servant they have deducted it from him.

Q. Is there any question about it?—A. I do not know whether it would be lawful or not. I do not think any civil servant could afford to fight the case. He would either have to agree to it or resign.

The CHAIRMAN: Gentlemen, we are running short of time. Could I suggest we go to paragraph 84, page 22?

Mr. WALKER: We will have an opportunity of coming back to this again, will we?

The CHAIRMAN: Oh yes, we hope so. Page 22, item 84.

84. *Unpaid Accounts Carried Forward.* Section 30 of the Financial Administration Act requires that financial commitments be reported to the Comptroller of the Treasury who is to reserve credits in the appropriate votes to provide for services expected to come in course of payment during the fiscal year. The purpose is to promote orderly financing and to have votes of each

year bear the cost of services rendered in the year. Cases were observed in the audit where services had been rendered to departments prior to 31 March 1957, and which would normally have "come in course of payment" during the fiscal year, but which were not paid in the year because the appropriations would thereby have been exceeded. Three examples follow.

NOTE: To be read with paragraphs 85, 86 and 87 (Auditor General's Report).

The WITNESS: The Financial Administration Act, Mr. Chairman, provides that whenever a department enters into any financial commitment it shall immediately report that commitment to the comptroller of the treasury who will earmark, in the appropriate vote, money to settle the commitment to the extent that it is expected to fall due in the financial year.

The reason is to avoid departments overcommitting votes. It may or may not be of interest to you, but this originated back in 1931 when Mr. Bennett was prime minister of this country. He discovered that there was one vote which was so overcommitted that it would take four years to pay off the debts. That was going on every year. It was just running on.

Everyone who supplied goods under that vote took it for granted he was not going to be paid for four years, and jacked up his prices accordingly. Therefore, this plan was introduced.

On the whole, it has worked well but it has been getting a little out of control so far as the Senate and the House of Commons votes are concerned. Two years ago the situation was quite serious in connection with the Indians, and I am sorry to say, gentlemen, that it is worse this past year.

I do think that it is in the interests of this committee to go no further than to regard with dislike and dismay, the non-observance of that restriction in the Financial Administration Act.

It is one of those things; the damage has been done. It is for us civil servants to keep it from recurring and what we need from your committee is a slap over the wrist.

The CHAIRMAN: We would be glad to give it.

By Mr. Walker:

Q. How do you suggest this slap should be given?—A. In your report, stating that it is in the interests of the House of Commons and parliament and the people of this country that no debt be incurred for which money is not available to pay, and that all accounts belonging to a fiscal year should be settled within the fiscal year, so that the accounts will reflect the true costs of operation in that year.

By Mr. Walker:

Q. Would that not stop the performance of a lot of contracts?—A. No.

Q. Not if it was properly appropriated?—A. This has just been developed in the last two or three years. We have run since 1931 without any trouble and this is just occurring now. Some slackness has taken place along the line.

The CHAIRMAN: May I draw your attention now to paragraph 90, which is somewhat along the same line, "Queen's Printer's Advance Account".

The WITNESS: Are you not taking paragraph 91 along with it?

The CHAIRMAN: Yes, the two.

90. *Queen's Printer's Advance Account.* Section 37 of the Public Printing and Stationery Act, c. 226, R.S., provides that the Minister of Finance may advance up to \$4,000,000, plus amounts due by the Houses of Parliament and departments of government, to enable the Queen's Printer

to purchase material for the execution of orders given or requisitions made under the provisions of this Act, and to pay the wages of workmen engaged in the execution of such orders or requisitions.

All payments for work performed are to be remitted to the Minister of Finance "in repayment of such advances". It therefore seems the intent that the Queen's Printer is not to charge less than cost. Accordingly it is noted that the Queen's Printer's Advance Account ended the fiscal year with a net deficit of \$135,973, which presumably will be recovered out of future charges above cost to departments and the Houses of Parliament.

91. Various circumstances accounted for the deficit position but one particular transaction attracted audit notice. The Queen's Printer placed orders with two commercial firms for some requirements of Post Office. Deliveries were made and the suppliers paid \$5,730. Later, Post Office contested the Queen's Printer's billings as unreasonably high, and the Queen's Printer caused calculations to be made comparing the charges of the outside printers with what the cost might have been had the work been performed in the Printing Bureau. Deciding that Printing Bureau direct costs would have been \$2,856 less, the Department of Public Printing and Stationery adjusted the Post Office billings by that amount.

The WITNESS: The Queen's Printer is financed by means of an advance from the Minister of Finance. Out of that advance he pays his workmen, pays for his supplies, and operates his plant.

Each month the departments are billed for the work performed. It is supposed to be on an actual cost basis.

The Queen's Printer has, what you might call, a revolving fund or a working capital fund of around \$4 million.

During the year that I now refer to, he awarded some outside contracts for the Post Office. They were performed in western Canada.

When deliveries were made, the Post Office complained that the price was too high. The Queen's Printer made an adjustment with them on the ground that if it had been done in his plant, it would have been less.

As a civil servant I do not like that practice because the Queen's Printer is supposed to operate at cost; and if he is able to sell something to the Post Office at less than cost, then I, or some other department, has to make up the difference. It is not coming out of the pocket of the Queen's Printer, strictly speaking.

I believe there should be an appeal from the Queen's Printer on the matter of cost, but I do not think it should be left up to him. I think it should be an appeal to the treasury board or to some other authority. So that if there is slackness in the administration of awarding outside contracts, it will be suitably brought to light. That is all there is to that point.

The CHAIRMAN: May we now go to paragraph 117. I understand that the defence services pension fund is running at quite a deficit.

117. The Defence Services Pension Act, c. 32, 1950, requires that an actuarial valuation of the Permanent Services Pension Account be made at least once in every five years. The first actuarial report was made in June 1957. It is to the effect that a deficit of almost \$215 million existed at the end of 1955. The report states that this deficit developed mainly from two sources:

- (a) a \$65,000,000 liability in respect of prior service, in excess of the value of contributions therefor, and
- (b) \$132,400,000 net liabilities created by the six general increases in pay and allowances between September 1946 and 31 December 1955.

The position has worsened since 31 December 1955, the actuary estimating the deficit to be \$269 million as at 31 March 1957, with \$43.5 million relating to the general increase in pay and allowances made effective as of 1 April 1956.

The WITNESS: Mr. Chairman, this is a matter that can be very costly to the consolidated revenue fund in due course.

The Defence Services Pensions Act is a recent one. It was enacted in 1950. It provides for contributions by service men, officers and men, and those contributions go into the consolidated revenue fund.

The act makes no provision for contributions by the government. Therefore what has been done is: that the government passed an order in council estimating that in order to keep this scheme solvent, a contribution of 166 per cent of the contributions of the soldier, or of the navy man, as the case may be, would be necessary to keep the plan solvent.

Then parliament was invited, and is invited each year, to appropriate a sum of money sufficient to provide this 166 per cent contribution.

The act does provide that there shall be an actuarial valuation made of the state of the fund every five years. The first valuation took place in 1955; and as you will see, it recorded a very large actuarial deficit. That is increasing each year.

The reasons it is increasing are: one is that pay and allowance rates are going up; the second is that the retiring age in the services is necessarily much lower than it is in civilian life.

I think you will be faced with a very large expenditure over the years in connection with this act.

As to whether the government should increase its contribution, it seems to me that as far as the service men are concerned, their contribution is fair, and is in line with all other plans such as the civil service and everything else.

It is just that the retiring age—particularly for officers, starts at around the age of 50, and any member of the forces may, after 20 years of service, be retired for the good of the service if they want to adjust numbers, and the contributor also has the right to elect to take his pension and he may go out.

Therefore, you may have to pay a pension possibly to chaps who are only in their forties, and who elected to go on pension for the rest of their lives, and after their death, their widows would receive a pension.

After their death their widows get a pension. It is true that the pension might not be a large pension, but it does take money out of the pockets of the taxpayers of this country.

I have no criticism to offer. I am simply drawing the situation to your attention.

The Minister of National Defence tabled the actuary's report as required by the statute. It was tabled last fall.

By Mr. Walker:

Q. I take it that this must be an inadequate actuarial system which has been set up and the fact that these people do retire early was not taken into consideration. In other words, the 166 per cent contribution made by the government added to the servicemen's contribution of 100 per cent is not sufficient?—A. That is quite right, sir.

I would not say the actuarial basis is wrong. I would suggest that there was a little fear that parliament might be afraid to allow more than 166 per cent. Generally the contribution is not more than 100 per cent.

Q. You mean then that the deficits will continue until there is a new actuarial table with a greater contribution from the government?—A. Yes.

Q. Has the government refused to do that? Has that suggestion ever been placed before parliament?—A. No. This report was just tabled in the House of Commons last fall. The House of Commons has not considered it at all. This is the first time anybody has been asked to consider it, I believe.

By Mr. Hales:

Q. Did I understand the Auditor General to say that the contributions of the servicemen are insufficient in view of the early retirement age? Has that situation been considered thoroughly? Should the rates be increased because these men retire at younger ages?—A. That is a matter of policy. All I can say is that the rates are comparable to the rates paid by civil servants and by mounted policemen.

Q. Are the rates set in view of early retirement?—A. This has nothing to do with retirement. I pay six per cent and servicemen pay six per cent.

Q. There is a discrepancy there.—A. The early retirement age has not been taken into account. You must have an early retirement age in the services because you cannot fight a war with old men, you must have young men.

By Mr. Winch:

Q. Do you also think that this—as in the case of all other government payments—should be under the authority of an act and not just some special vote each year?—A. This is the only one.

Q. This is the only case where it does not come under an act itself?—A. Yes, sir.

The CHAIRMAN: Gentlemen, we have about 15 minutes left at our disposal because of the various caucus meetings this morning. I should like to take this opportunity to refer Mr. Sellar to page W-28 of the Public Accounts, volume 1. About half way down the page we have the heading,

Hull—National Printing Bureau—To complete

We hope to have witnesses from the Department of Public Works appearing on Friday so that we can discuss the question of the construction of the Printing Bureau.

I thought at this time it might be very useful to have the views of Mr. Sellar in regard to what he has found, if anything, with respect to the Printing Bureau.

The WITNESS: I am a little troubled as to what to say because I might perhaps say something of interest to you which has no connection with my official line of work, but which is connected with a side job that I have.

Is it your wish that I make such a statement, or do you wish me to stick right to my line of work?

Mr. WINCH: We should like to hear any information which you think is of value to this committee.

Mr. WALKER: The less you stick to your line of work, the better.

The CHAIRMAN: Providing, of course, that it does not involve government policy.

The WITNESS: The statement I intended to make does touch on what I think is sound government policy. This statement is critical of no one.

The Printing Bureau building has been a very expensive building, as we all know. The cost has exceeded \$15 million.

Having in mind the volume of business that the Printing Bureau does, I feel that you cannot justify that expenditure for a capital investment. This would ordinarily be placed in a factory building and operated that way. We cannot take the cost of this building into the cost that is charged for printing. It must be charged off to expenditure.

The question might be asked: "Why this expenditure?" At this stage I leave my regular line of work.

In 1946 I was made a member of the National Capital Planning Committee for the development of the national capital.

As a result of the deliberations of that committee I know that one of Mr. Greber's big objects was to develop a well rounded area in this district, so Mr. Greber had to consider the city of Hull.

The city of Hull does not have buildings or a public development plan comparable to what is being done on this side of the river. There are various reasons for this. I do not think we need to go into them now. The fact is that Hull is not as attractive as Ottawa.

One of the objects of the Greber plan was to improve the city of Hull in this regard. It was thought desirable to acquire the river front and ultimately make it into a park and build a first class building in the area to provide a lead.

I am guessing at some of this information, but you will notice that at first this vote was intended just for the Printing Bureau.

When Mr. Mackenzie King became interested in this project it became the National Printing Bureau, and it has proceeded on that basis.

I feel that some of the cost of the site for this bureau should be treated as the cost of park land. However, that is incidental.

The building was constructed. Contracts were awarded after calling for bids. There were no contractors put on jobs who automatically received new jobs. Bids were called for and were received in each case. In all my auditing experience in this regard I have found nothing to complain of with respect to these contracts.

The Government of Canada made the decisions and the House of Commons voted the money.

There is only one thing, sir, that does worry me and that is the policy.

You have been looking at page W-28. I should like to ask you to turn now to page W-2.

Half way down the page opposite vote 350, you will see under the heading "Acquisition, Construction and Improvements of Public Buildings" a paragraph reading:

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the Estimates, provided that Treasury Board may increase or decrease the amount within the vote to be expended on individual listed projects—

That is what I want to draw to your attention.

If you will now turn back to page W-28 you will see what I am referring to. In the estimates \$400,000 was provided for the national printing bureau. The allotments were \$856,400 and the expenditures were \$802,945; in other words, double was spent than was disclosed in the estimates.

Now that is not so much but in the 1954 big year \$2,500,000 was shown in the estimates but the expenditures in the year were \$5,208,000. What was done was quite legal. The \$800,000 this year is quite legal just as was \$5 million, but I am doubtful whether that text which I referred to on page W-2 adequately protects the House of Commons. I might add it is a recent innovation. This text was introduced in the votes, in the estimates, for 1951. I have my doubts whether it protects the House of Commons or is in its interests. On the other hand, Public Works and treasury board are entitled to have their opinions and should be invited to express them before you make any recommendations.

By Mr. Winch:

Q. When you say you are doubtful whether it adequately protects the House of Commons—when we are dealing with Public Works estimates, inquiries have to be made as to how much has to be spent on certain buildings in certain areas, and after the house has an answer to these questions and they

have passed the total amount, it is the treasury board who has the power to switch that money around any way they see fit?—A. Yes. You can take as an example the post office which was erected in Vancouver in your own province.

By Mr. Walker:

Q. In other words, the House of Commons has no control whatever over the expenditure over and above the amount they estimated it would cost and the amount they allowed?—A. It is set out in the details of your estimates. You assume that is going to be the amount. I am using this to illustrate, I do not think you are protected enough.

Q. Then in the broad field in dealing with this matter Privy Council order No. 2334 passed on May 24, 1948 estimated a figure of \$6 million as the estimated cost of the said work, and according to you this morning that venture has now cost the country close to \$16 million?—A. \$15,200,000.

Q. Plus the \$800,000 for this year which has been appropriated for correction?—A. Yes.

By Mr. Winch:

Q. Do I also understand, if you use the illustration you did, where the amount you understood by the estimates was going to be spent on the Queen's Printer building, was around \$2 million and they spent \$5 million, and although it is perfectly legal, it meant that \$3 million had to be withdrawn from something else on which the house understood it was going to be spent?—A. It was taken from various other votes in the province of Quebec. Going back to Mr. Walker's question, you are referring to an order in council in 1946.

By Mr. Walker:

Q. 1948?—A. You must remember that this building took about ten years to build and there was bound to be an upward rise in prices in the interval.

Q. And no year passed where the expenditures did not greatly exceed the estimates until recently?—A. It exceeded the estimates in three years, sir; in 1952 the estimate was \$1,300,000 and \$1,691,000 was spent. In 1954 there was a figure of \$2,500,000 against \$5,208,000. In 1957-58 the figure was \$400,000 against \$802,000.

Q. As I understand it, in 1948-49 the figure was \$200,000 and \$600,000 was spent; 1949-50 the amount was \$600,000 and \$1,600,000 was spent. Is that correct?—A. No, in 1948—the first year there was \$100,000 put in and nothing spent and in the next year \$200,000 was put in and \$22,000 was spent. The next year \$600,000 was put in and \$190,000 was spent. Then in 1950 \$1,600,000 was put in and \$1,232,000 was spent.

Mr. WALKER: Thank you, Mr. Sellar. I see I have been dealing with the main estimates, and it is a supplementary.

By The Chairman:

Q. Mr. Sellar, has your staff checked the tenders, the contracts and all the various details in connection with the construction?—A. Oh yes we did, and in this instance I think there was only one large contract where the extras and additions amounted to any material amount. In all other cases the additions and extras were less than 10 per cent of the contract price.

Q. Are you satisfied that all the details were declared?—A. Yes. In fact, we have been watching all discussions about the printing bureau with great interest to see where we slipped up, if we did slip up, because to us it was just an ordinary contract handled in the usual way. True, it was an expensive one, but there was nothing wrong with it as far as we know.

Q. Well then, the basic issue is, should a building be constructed to improve a district—a sort of monumental building—considering the over-all plan, or should a utilitarian building be built for factory use?—A. That was my approach, sir. Whether I am right or wrong, I do not know, but that was my understanding.

By Mr. Macdonald (Kings):

Q. I believe, Mr. Sellar, you stated you were familiar with the broad general background of the building. With regard to the site, I presume consideration was given to the fact that most of the government offices are on this side of the river whereas the printing bureau was some distance away and naturally would involve a considerable additional expense. I wonder how much consideration was given to that.

The CHAIRMAN: That is really, I think, a matter for the Department of Public Works.

The WITNESS: I might add one thing to that I cannot answer your question directly, but I do know that they wanted to get the printing bureau off the site at Nepean point. Mr. Greber regards Nepean point as having one of the finest vistas in Ottawa. He wanted to get that old red brick building off it and to put a semi-commercial plant of some sort into Hull which did not require a minister moving over there.

By Mr. Walker:

Q. Would Mr. Sellar agree that if we are going to deal with the printing bureau next Friday that it might be a good idea to start with General Young, the deputy minister?—A. He should know all about it.

The CHAIRMAN: Mr. Sellar has not been too well and we have kept him here fairly long. I would suggest, at this point, that we adjourn until Friday at 9:30 in this room.



HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

FRIDAY, AUGUST 8, 1958

WITNESS:

Major General H. A. Young, Deputy Minister, Department of
Public Works.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,
Vice-Chairman: Mr. Richard A. Bell (*Carleton*),
and Messrs.

Allmark	Granger	Murphy
Badanai	Grenier	Nasserden
(a) Bell (<i>Carleton</i>)	Hales	Nugent
(b) Benidickson	Hanbidge	Pickersgill
Bissonnette	Hardie	Regier
Boulanger	Horner (<i>Acadia</i>)	Robichaud
Bourbonnais	Keays	Small
Bourget	Lahaye	Smith (<i>Simcoe North</i>)
Campbell (<i>Lambton-Kent</i>)	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Campbell (<i>Stormont</i>)	(d) Macnaughton	Spencer
Campeau	MacRae	Stewart
(f) Carter	Martel	Valade
Cathers	McCleave	Villeneuve
Coates	McGee	(e) Walker
(c) Crestohl	McGregor	Winch
Denis	McMillan	Wratten
Drouin	Morissette	Yacula
Fraser	Morris	
	Morton	

Antonio Plouffe,
Assistant Chief Clerk of Committees.

- (a) Replaced Mr. Campbell (*Lambton-Kent*) on July 8.
- (b) Replaced Mr. Boulanger on June 12.
- (c) Replaced Mr. Denis on July 31.
- (d) Replaced Mr. Crestohl on July 9.
- (e) Replaced Mr. Small on July 9.
- (f) Replaced Mr. Houck on August 6.

ORDER OF REFERENCE

WEDNESDAY, August 6, 1958.

Ordered.—That the name of Mr. Carter be substituted for that of Mr. Houck on the Standing Committee on Public Accounts.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

FRIDAY, August 8, 1958.
(5)

The Standing Committee on Public Accounts met at 9.30 a.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Allmark, Badanai, Bissonnette, Bourget, Campbell (*Stormont*), Campeau, Carter, Cathers, Coates, Crestohl, Grenier, Hanbidge, Horner (*Acadia*), Lahaye, Macdonald (*Kings*), Macnaughton, McCleave, McGee, McGregor, Morissette, Morton, Murphy, Pickersgill, Regier, Smith (*Simcoe North*), Smith (*Winnipeg North*), Spencer, Valade, Villeneuve, Walker, Winch, and Wratten—(32).

In attendance: Major General H. A. Young, Deputy Minister; E. A. Gardner, Chief Architect; R. G. McFarlane, Assistant Director, Property and Building Management Branch; and J. O. Kent, Building Construction Branch, all of the Department of Public Works.

The Committee, in accordance with a recommendation of the Steering Subcommittee, commenced its inquiry into the construction of the new Printing Bureau.

General Young was called and the Chairman introduced him. General Young was examined at some length by Mr. Walker leading the examination on the following main subjects:

1. Selection of site.
2. Breakdown of costs.
3. Architectural fees.
4. Calling of tenders—lowest and others.
5. Awarding of contracts for excavation, etc. and dates thereof.
6. Foundation borings.
7. Structural alterations and additions.

In the course of questioning, General Young quoted from a Privy Council Minutes dated May 25th, 1948.

General Young undertook to supply at the next meeting answers not readily available. The witness was assisted by Mr. E. A. Gardner,

A document used by Mr. Walker as a basis for his questioning was tabled and marked EXHIBIT P-1 (See Appendix "A" to this day's Proceedings).

The Chairman called the attention of the members of the Committee to the visit to be made on Tuesday, August 12, of the Printing Bureau from 2 to 5.

At 11.00 a.m. the Committee adjourned until Tuesday, August 12, at 9.30 to again hear the Deputy Minister of Public Works.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

FRIDAY, August 8, 1958.
9.30 a.m.

The CHAIRMAN: Gentlemen, we now have a quorum. Shall we proceed?

The first thing I would like to bring to your attention is, of course, the visit which has been arranged to the printing bureau on Tuesday at 2 o'clock, from the centre door. We hope to have transportation and we would appreciate it very much if you would let us know how many are coming. It is rather important for us to know. That visit will show you, we hope, completely the building in operation.

Mr. COATES: Including the cafeteria?

The CHAIRMAN: Yes, I suggest we have some refreshment there. I feel quite sure that guides will be arranged by the printing bureau organization.

Mr. MURPHY: Mr. Chairman, before you deal with the matter you intend to deal with, I wonder if I could ask two or three questions to clarify what we discussed the other day, so that when the Auditor General returns to give evidence he could answer them without any further questioning on my part.

He mentioned the other day that he was aware of tenders that were less than the accepted tenders, and I assume that applied to the crown companies. He also said that he did not agree with the idea that it was not practical in many cases to accept the lowest tender.

What I had in mind was, in respect to a crown corporation, the Polymer Corporation, where they do sub-contracting. They have been paying one building contractor, who employs, say, one hundred men or so per day over the years, and they are the only ones who have been doing it.

In view of the Auditor General's statement I would like to have him explain to the committee why it was that the R. W. McKay Construction Company of Sarnia did not obtain a contract, they being a very responsible, reliable contracting firm. In fact, they are now building the federal building, a \$2 million job, and their bid was 2 per cent less than the bid of Curran and Herridge. That involves an extra outlay of the taxpayers' money of many thousands of dollars per year.

I would also like to have him explain to the committee why it was that when the president resigned, Mr. Barrington, last year, that he was given a three months' bonus, some \$12,000 or \$15,000 because, after all, he left that employment like, today, and accepted a better job beginning next Monday.

The CHAIRMAN: Well, it is a very interesting suggestion, Mr. Murphy, and we will certainly bring it to his attention; and we hope we will have time to attend to this, along with several other things.

Mr. MURPHY: I would like, Mr. Chairman, at the next meeting to ask some questions with the idea of having an explanation to this committee, probably by the Under Secretary of State for External Affairs, regarding this outrageous outlay for rent in Rio, and the purchase of a residence.

Mr. PICKERSGILL: Mr. Chairman, on a point of order, I think some business was set down for the committee to do, and I wonder if we could proceed in a regular fashion. I do not want in any way to restrict anything Mr. Murphy wants to ask, but we came here, I understood, to deal with some specific points.

Mr. MURPHY: I intend to be only a moment. The reason I bring this up is that I think the committee should hear evidence from the Department of External Affairs as to why they spent \$500,000 on a residence, knowing they were going to have to move and sell the residence within three years, because the capitol was being moved. I have other questions to ask when the Auditor General is here.

The CHAIRMAN: Thank you, Mr. Murphy. It is quite apparent there are going to be a great many questions, and for that reason your steering committee brought in its second report in order to start on something definite, like the subject for discussion this morning. But when we get through that agenda, if there is the time there is no reason why we should not open it up far and wide.

Mr. MURPHY: We are going to have more meetings then?

The CHAIRMAN: Oh yes.

Mr. MURPHY: More than three hours a week?

The CHAIRMAN: We will hope so.

Gentlemen, today we are here to discuss the national printing bureau, in particular the construction stage, and we have with us this morning a very distinguished witness in the person of Major General Hugh A. Young. If we turn to the parliamentary guide, I think at page 109 or 108, we will see a long list or record of accomplishments. But briefly our witness graduated in engineering from the university of Manitoba, then he went straight into the army. He was engaged in construction in northern Canada. He spent two years erecting radio stations in the Arctic. He was loaned to the air force for construction work, and at the end of the war—of course, he has a very distinguished war record, his titles alone indicate that—C.B., C.B.E., D.S.O.

At the end of the war he was quartermaster general of the Canadian army. He was responsible for bringing over 300,000 Canadian troops back to Canada within eight months. Needless to say, the quartermaster general's branch includes all of engineering.

At the time of the take-over of the Alaska highway from the United States army to the Canadian army, he was in charge.

In 1947 he was asked to leave the army to organize the Central Mortgage and Housing Corporation with Mr. David Mansur. In 1950 he became deputy minister of northern affairs, and in December 1953, he was requested by Prime Minister St. Laurent to be deputy minister of public works, under the Hon. Robert Winters. This morning it is our pleasure to have him as our first witness.

May I just suggest, before he starts, in view of the fact that one of our members of the steering committee, Mr. Walker, has made a special study of this whole matter, that he start off the general questioning, after which, of course, the committee is wide open. Perhaps Mr. Walker would care to start.

Major General Hugh A. Young, (Deputy Minister of Public Works), called.

By Mr. Walker:

Q. General Young, you have been an engineer all your adult life, as well as a soldier—correct?—A. Yes, sir, Mr. Chairman. There was a time, of course, from 1930 until the end of the war when I was on perhaps duties more military than engineering, but apart from that I have been connected with engineering work.

Q. In connection with the national printing bureau at Hull, would you tell us why this site was picked?—A. Well, Mr. Chairman, there appear to have been two factors at that time. One was the decision of the government of that

time to extend the operations of the Federal District Commission into the city of Hull, and into the Hull area. The other factor related to the need for the construction of a national printing bureau.

With respect to the former, it was thought that the development of the Federal District Commission on the Quebec side would be enhanced if there was a public building included in the area of development of the Federal District Commission.

In time, the two came together. Originally, there was no intention of the printing bureau going to Hull, but from a study of the record, it appears that the two came together. The Ottawa National Planning Commission, the Federal District Commission and the government decided that the building to which I made reference would be the printing bureau.

Q. Having regard to the fact that a subterranean stream runs underneath that particular site, was there any particular reason why the site should be picked there, with all the difficulties underground, rather than some place else?—A. No, I think it was a matter of suitable location, where it would show up the development of the area. The creek which caused the flooding apparently had not caused too much trouble, and its existence was presumably known. It was apparently felt that the aesthetic aspects of that layout outweighed the disadvantages of this stream.

Q. We will not deal today with the acquisition of the property. That is more a matter for your real estate expert. So may we skip over to the actual building of this building. Would you be good enough to tell us when the original order in council was passed for this building? Have you a copy of it there?—A. Yes, Mr. Chairman, I have a copy. This is a true copy of the minutes of the committee of the Privy Council approved by his excellency the Governor General, on the 25th May, 1948. Do you wish, Mr. Chairman, for me to read that?

Q. No. How much money was it anticipated that this project would cost at the time when the order in council was passed?—A. In the submission which dealt with the approval, the appointment of a consulting architect, Mr. Cormier, the statement was made that the estimated cost of the building was \$6 million.

Q. And as a matter of fact, would you at this stage tell us, keeping in mind that this is more than ten years later, 1958, how much in fact has the building, as stated,—the whole thing,—cost?—A. The total cost—Mr. Chairman, if we were to include the item in this current year's estimates of some \$800,000, would make a total of \$16,200,000.

Q. \$16,200,000?—A. Yes.

Q. That is \$10 million more, because the land was included?—A. That is right, sir.

Q. The land itself is worth how much—cost how much, I do not mean worth how much?—A. \$1,825,765.

Q. So that added on to the original estimate for the building at \$6 million, would be a total of approximately \$7,825,765. Is that correct?—A. Yes sir.

Q. Then this building has taken more than ten years, and it still is not completed. Is that correct?—A. I think that is substantially correct. We are still making modifications.

Q. How long under ordinary circumstances should it have taken to have completed that building?—A. I would say about three years.

Q. May I go into this with you later on, this matter of what the delay amounted to; but could we not start this morning by having you break down for the members of the committee, for the purposes of questioning at a later date, how this amount of \$16,200,000 is made up, and perhaps later you could supply us with a memorandum?—A. Yes sir. Or I might table this sheet if it is desired.

By Mr. McGee:

Q. What did you say was the purchase price of the land?—A. \$1,825,765.

Q. What is this figure of \$41,800 for?

The CHAIRMAN: May I suggest that we permit Mr. Walker to proceed. He will develop this, I think.

Are you filing this sheet as an exhibit?

Mr. WALKER: Yes.

The CHAIRMAN: It will be marked as exhibit P-1.

(See Appendix A).

By Mr. Walker:

Q. All members of the committee will have an opportunity to cross-examine General Young as soon as he gets the story out.

You have presented here a graph or a chart showing how these charges were arrived at, and the total of them. Would you just briefly read into the record the totals, at the bottom of each?—A. Yes sir.

Q. For instance, starting with architects fees.—A. The architects fees, for Mr. Cormier, amounted to \$548,459.

Q. We shall go into that later. Now, for the consultant, Mr. Powers?—A. Mr. Powers, the engineer consultant, received \$42,904.

Q. And the appraisal costs?—A. The appraisal costs, as I recall them, were \$64,189.

Q. And the cost of the land?—A. I have already given you the cost of the land. It was \$1,825,765.

Q. I think we shall have time to deal with the original contract this morning for the excavation by Miron Freres. It amounted to what?—A. \$238,695. This was the original excavation contract.

Q. And the original award for footings and piers?—A. \$241,989.

Q. And that went to the Concrete Construction Company Limited?—A. That is right.

Q. Am I correct in saying that all subsequent tenders went to that same firm?—A. That is right.

Q. And carrying on, the next tender was for concrete structures for the main building.—A. That amounted to \$2,078,149.

Q. And then the fourth contract which was also let by tender was awarded to the same people for the concrete structure of the power house.—A. \$847,231.

Q. The completion of the main building also was done by the Concrete Construction Company?—A. It was \$8,693,622.

Q. Could you have copies of this summary prepared, for the members of this committee, at the next meeting?—A. Yes, I shall have copies for each member.

The CHAIRMAN: You are referring to exhibit P-1.

The WITNESS: How many copies would you care to have, Mr. Chairman? We can provide as many as you require.

The CHAIRMAN: Better make it 60.

The WITNESS: 60 copies; we shall have them for the next meeting.

By Mr. Walker:

Q. And then in respect to the inside machinery and equipment installed, the moving of it, and all these other extras, the items add up to what amount?—A. For the moving and extension of services, additional concrete contracts, for shelving and miscellaneous, the item came to \$771,658.

Q. Now the total cost of the building up to date, but not including the \$800,000 in this year's estimates is what?—A. It would be \$15,352,661.

Q. And added to that sum of course is the \$800,000 in the current year's estimates?—A. That is right.

Q. We shall be coming back to this, but in connection with the \$800,000 voted currently to complete this project, would you be good enough to tell us why that money has been found necessary?—A. The air conditioning has not been satisfactory and of that \$800,000, approximately—and I say only approximately because some of the items really cover two or three—

Q. Yes?—A. But by and large about \$700,000 out of the \$800,000 relate to improving the air conditioning.

Q. In connection with that, we should not have had that expenditure, should we?—A. Well, we should not have had it at this time.

Q. So then, this is to correct the air conditioning that already had been contracted for and put in and installed?—A. That is correct.

By Mr. Campbell (Stormont):

Q. Should we have had it at all? That must have been taken into cognizance in the original estimates, and if your air conditioning has to be rectified, then why should not the original contractor be responsible for it?—A. The work done by the contractor was in conformance with the plans and specifications. So you come back to the fact that the onus really rests with the consultant of the time, Mr. Cormier, and to a lesser degree, with the consulting engineer, Mr. Powers.

The contractor carried out his part of it. He did what the specifications called for.

As soon as this came to my attention—I must confess I had not studied the plans and specifications as perhaps I should have done—I did not realize there was trouble—until people started to move into the building. However as soon as I found that the design had been faulty, I immediately stopped payment to the consultant, Mr. Cormier. I held back a total amount of about \$60,000.

By Mr. Crestohl:

Q. You used this language: "the expenditures made for improving the air conditioning". What do you mean by "improving the air conditioning"?—A. It does not work very satisfactorily and we have got to improve it. In the original design they provided for a number of large diffusers—that is the equipment which throws out air from the ceiling.

Normally, the better practice is to have a greater number of smaller ones.

In the printing bureau however, they had a number of large ones—not as many in numbers, but of greater volume—which made it very difficult for those who worked around them to move.

By Mr. Crestohl:

Q. There is a difference between repairing and improving the air conditioning?—A. This is the improvement that was put in.

By the Chairman:

Q. When was it installed, General Young?—A. The air conditioning was installed as part of the last contract of the general structure when all the sub-trades came into the picture. It would be installed during the period of 1952 to 1956.

By Mr. Crestohl:

Q. How long was the air conditioning functioning until these improvements were required?—A. It had not been functioning more than a month. The people had not been moved in more than a month until I started to receive complaints.

By Mr. Campbell (Stormont):

Q. Was that air conditioning unit constructed by the contractor in accordance with the original specifications? Is there a fault in the actual construction of the air conditioning? In other words, it is, I take it, constructed in accordance with the original specifications—A. Mr. Chairman, that is my view. We held back money on that contract for some time until finally we were convinced that the contractor had built it according to the specifications.

Q. Did you bring in independent investigators or technical people to see that the air conditioning was constructed in accordance with the specifications? Has that original contract been investigated thoroughly?—A. Yes, by our own officials.

Q. You did not call in technical people to do this?—We have now brought in a consultant to check the proposals which we now have in mind. This is an outside consultant.

I think it can be accepted that the work was carried out in accordance with the specifications.

Q. There seems to be gross negligence on the part of the original designer if this air conditioning unit is inadequate and so inept.

Has there been any action brought against him?—A. Against the architect?

Q. Yes.—A. Apart from my stopping payment, no.

Q. There has been no other action for damages?—A. No, there has been no action for damages.

By Mr. Walker:

Q. You have held up how much money?—A. Sixty thousand.

The CHAIRMAN: Gentlemen, before we start making charges, I think we should hear the evidence. I think that is the fair way to proceed.

By Mr. Winch:

Q. What was the cost for the original installation of the air conditioning unit?—A. It is very difficult to break that cost down because the contractor does not give us that breakdown in his tender award. We have made an attempt to break that down.

Q. Just give us the answer approximately?—A. I think I can give you that answer in a minute.

By Mr. Walker:

Q. I might say, gentlemen, we are going to come back to these very important points later. We are trying to get an outline first so that you will know what the situation was.—A. I think the answer to that question, Mr. Chairman, is between \$500,000 and \$600,000.

Mr. WINCH: Between \$500,000 and \$600,000?

The CHAIRMAN: Mr. Walker, will you proceed to lay the ground work here?

By Mr. Walker:

Q. We will deal with Mr. Cormier later. He was the architect employed, was he not?—A. Yes, sir.

Q. Is he the man who built the Supreme Court building?—A. Yes, sir.

Q. Yes. What percentage was he to receive for his services?—A. Five per cent.

Q. So that the more money this building cost, the more fees he would get under ordinary circumstances?—A. That is correct, Mr. Chairman.

The CHAIRMAN: That is standard procedure with the architectural profession.

By Mr. Walker:

Q. So far he has received over \$500,000?—A. Yes, he has been paid over that.

Q. Let us deal with the first contract for excavation. There was an open tender for the first contract in regard to excavation, was there?—A. Yes, Mr. Chairman.

Q. How many tenders were received?—A. There were nine tenders.

Q. And was the last one accepted?—A. The last one from Miron & Frères, of Montreal, was accepted.

Q. And that tender was for \$55,000?—A. That contract was for \$55,000.

Q. Did that firm carry out that contract?—A. Yes, Mr. Chairman, the contractor completed that contract.

Q. I notice here that in addition to that \$55,000 he received additional moneys for excavation. The total amount paid to him for excavation was \$238,695. Would you be kind enough to tell me whether those amounts were extra amounts?—A. Yes, sir. There were two extra amounts. One amount covered the cost of fencing the site. That amounted to \$8,000. The other amount related to additional excavation. That amounted to \$175,695.

Q. Yes. The only contract on which tenders were called was the original contract for excavation which cost \$55,000?—A. That is correct.

Q. Yes. That was for excavation. Added to that, then, was \$8,000 for a fence?—A. That is correct.

Q. Eight thousand dollars just to fence the excavation?—A. That is right.

Q. Then there was a cost of \$11,661 for more excavation, is that correct?—A. Yes. The actual amount charged for extra excavation was \$175,695.

Q. All right. For what was that additional money paid which amounted to more than three times as much as the original contract?—A. There were two factors involved. One was in regard to the increasing of the depth of the excavation. The second thing involved was the unit rate which was changed from 50 cents to an average between \$1.50 and \$2.

Mr. CAMPBELL (*Stormont*): Why?

Mr. WALKER: I will come to that.

By Mr. Walker:

Q. In any event further excavation was done, is that right?—A. That is right.

Q. In connection with the first contract for excavation amounting to \$55,000, were there any plans or specifications at the time this contract was let?—A. There were no plans or specifications for the main building whatever.

Q. In other words the contractor was told to dig a hole but there were no plans or specifications?—A. He does not ordinarily need them. A contractor can carry out an excavation without having plans for the complete building. The thing that was missing was a complete boring test for the project.

Q. And complete plans and specifications as well, correct?—A. That is correct.

Q. Because subsequent excavations indicated that?—A. That is right.

Q. All right, that contract for \$55,000 in regard to excavation was let on open public tender, is that correct?—A. That is correct, Mr. Chairman.

Q. The other amount, \$175,000; was that ever tendered for?—A. No, Mr. Chairman.

Q. No one else had a chance at that contract?—A. That is correct.

Q. I realize that you were not there, but do your records indicate whether there was even comparative prices obtained?—A. No, Mr. Chairman. The records show that this was a matter of negotiation between the Department of Public Works and the contractor.

Q. Yes. The first contract amounted to \$55,000 which included how many cubic yards of earth and rock?—A. The original contract was for 110,000 cubic feet.

Q. Cubic yards, you mean?—A. Cubic yards, yes.

Q. The second contract which cost three times as much involved how many cubic yards?—A. There were 10,000 cubic yards at \$2 per cubic yard. There were 93,011 cubic yards at \$1.50, and there were 2,000 cubic yards of rock at \$3.

Q. So that for \$55,000 the contractor excavated 110,000 cubic yards and where he did not bid he charged three times as much and did approximately the same amount of excavation?—A. That is correct.

Q. Yes. The first time he excavated 110,000 cubic yards at \$55,000 and the second time he excavated 116,000 cubic yards for \$165,000?—A. That is correct.

Q. Yes. Was the unit price changed? I suppose in regard to excavating you have a unit price per yard?—A. That is correct.

Q. What was the original unit price on which he received this contract?—A. Fifty cents per cubic yard.

Q. Fifty cents per cubic yard. What was that changed to after he received the contract and went ahead with the excavation?—A. There were three different rates. There was 10,000 cubic yards excavated at \$2 per cubic yard.

Q. Just a moment. Did that involve earth or rock?—A. That was earth.

Q. That was earth. All right. So the contractor increased his price after completing the first contract on which he had tendered from 50 cents a cubic yard to \$2 per cubic yard?—A. In addition there was 10,000 cubic yards excavated at \$2 per cubic yard, and there were 93,000 cubic yards excavated at \$1.50 per cubic yard.

Q. Yes. The unit price was changed from 50 cents to \$2 and \$1.50, is that correct?—A. Mr. Chairman, that is correct.

Q. The charge for excavating the rock remained at \$3 per cubic yard?—A. That remained at \$3, yes.

Q. That was the unit price for excavating rock?—A. Three dollars per cubic yard was the charge for excavating the rock. That price remained unchanged throughout.

Q. My friend, Mr. Winch, asked—and I think we have reached the stage for this—is there any explanation for this tremendously increased cost by the same man who originally got the tender, and keeping in mind he did not tender for this second job, and there were no comparative prices?—A. I find it difficult, sir, to find a reason for that change. It was in verbal discussions apparently which took place between the deputy minister, or the minister, with Mr. Cormier and the contractor.

Q. And the deputy minister at the time was Mr. Murphy?—A. Yes.

Q. And the minister was Mr. Fournier?—A. Yes.

By Mr. Pickersgill:

Q. I wonder if Mr. Walker would permit me to ask one question in regard to the time these things took place. Could you tell us when the first excavations were started and when they were completed?—A. The excavation started somewhere about June, 1949.

Q. June, 1949; when was it completed?—A. I would think in the fall of that year.

Q. And could he tell us when the additional work was started?—A. It possibly extended into the spring of 1950.

Q. Could he tell us when the additional work started?—A. The additional work started in September, 1949.

Q. The same year?—A. The same year.

Q. So that it was a continuous process?—A. Yes, Mr. Chairman, it was pretty well a continuous process.

By Mr. Walker:

Q. Now is that what you call snowballing a contract?

Mr. SPENCER: I have a stronger term than that.

Mr. PICKERSGILL: It is not fair to make snowballs out of rocks.

The WITNESS: I appreciate, Mr. Chairman, in excavation work it is not too unusual to have to modify; you might run into water or other difficulties. What is unusual about this I think is not so much the extra amount as the change in unit prices.

By Mr. Walker:

Q. Would you be able to say what occurred, from your study of the record?—A. No I cannot; the records do not show it. They refer to discussions which took place and then at the end of those discussions it is agreed with the contractor that these unit prices will be paid.

By Mr. Winch:

Q. It was pretty well arranged between Mr. Murphy and the contractor?—A. Yes.

By the Chairman:

Q. You took over in 1953?—A. No, it was later than that—December; I actually took over in January, 1954.

By Mr. Pickersgill:

Q. Was any comment ever made by the Auditor General or by treasury board according to the records of the Department of Public Works; was the department ever asked for an explanation of this change in price?—A. I do not think so; I think I can say no.

Mr. WALKER: I have looked back over the Auditor General's report over the years and I can find no record of this. We just found it inadvertently the other day.

Mr. PICKERSGILL: I think we should certainly ask both the treasury and the Auditor General at some subsequent meeting for some explanation, because this would appear to be quite an exceptional circumstance. I would have imagined the treasury and the Auditor General would have inquired.

Mr. WALKER: Yes, because after the talk we had yesterday from the Auditor General in regard to where there is a great tendency to award a contract to the lowest bidder, as was done here. But it is a great way to do it, by having part of the work done in the original tender and then put in any price you like on the balance. Is that an unfair way to put this?

The CHAIRMAN: Just an interpretation—it could be a matter of interpretation.

By Mr. Walker:

Q. Mr. Chairman, I have one more question. A contract was awarded to Miron and Freres on June 2, 1949 and I understand they began to dig the excavation immediately—is that correct?—A. Yes.

Q. And could it be of any significance that on June 2, 1949 they started to dig the excavation and an election took place on June 24, 1949?

Mr. PICKERSGILL: That is not the right date; June 24 is not the right date. I think it was June 27.

Mr. WALKER: June 27; that is correct.

Mr. PICKERSGILL: It is very important we get these figures right.

Mr. SPENCER: Very important—that is for sure.

By Mr. Walker:

Q. However, that is not for me to decide. Could I ask you, general, could this sort of thing happen at the present time in the Department of Public Works of which you are the deputy minister?—A. I hope not. Of course, it was common practice in the department to carry out excavation projects separately from the main building. There were several of them at that time. There were several such excavations when I came to the department. They existed from coast to coast. Winnipeg was one where an excavation had been there between two and three years. I can find no technical reasons, no economical reason for this. This is certainly contrary to good building construction practice. In 1954—a policy was implemented that excavation contracts would be part of the over-all contract, so the contractor went in and excavated and proceeded with the building.

By Mr. Pickersgill:

Q. Is it not true that this whole project was delayed because of the Korean war?—A. I think it is very difficult to say that it was delayed because of the Korean war.

By Mr. Walker:

Q. This particular contract would—A. I think I would say without reservation it was not delayed due to the Korean war.

Q. In connection with these other holes that were dug across the country, was there quite a spate of holes dug across Canada just about this time?—A. Well, there were several.

Q. How many would there be?—A. I think somewhere in the order of seven or eight.

Q. Seven or eight; and in big cities mostly?—A. Mostly in large cities.

By Mr. Winch:

Q. Were the contracts of a similar nature to this; that is, the initial contract and then additions?—A. Well, we did not experience the same difficulties. The trouble in that procedure is we carry out that excavation and subsequently it begins to fall in. It possibly is not designed exactly to fit the main building. As a result, when you call for the main tender for the building you are up against the difficulty of correcting the excavation to suit the building.

Q. In regard to these seven or eight holes, could you tell us the places where these excavations were made and could you also tell us whether any of them were made where plans and specifications had been completed beforehand?—A. The significance of that last part whether plans or specifications had been completed before the excavation—

Mr. SPENCER: For the building or the excavation?

By Mr. Walker:

Q. For the whole project.—A. There was the Quebec D.V.A. hospital; the D.B.S. building in Ottawa; the D.V.A. building on Wellington street; Winnipeg; New Westminster, Sherbrooke and Edmonton.

By Mr. Crestohl:

Q. Were all these awarded by bids—by tenders?—A. Yes, by public tenders called; but the tender was just for the excavation.

Q. And the tenders were awarded to the lowest bidder in each case?—A. Yes.

By Mr. Regier:

Q. What was the excavation in New Westminster for?—A. It was an extension to the existing public building.

Q. In 1949?—A. I am not quite certain when the excavation was made. The excavation was there in early 1954.

By Mr. Walker:

Q. Is it true that in North Bay the excavation was dug in advance like that and filled in again?—A. There were rumours of that which I have not been able to confirm.

Mr. PICKERSGILL: Mr. Chairman, I am not in the least desirous of restricting this in any way, but some of us came here to discuss the printing bureau at Hull, and it does seem to me we are wandering rather far afield. I have no objection to this matter coming up on some other occasion, but I think we should go on and get the complete picture of the printing bureau which was agreed would be done today.

The CHAIRMAN: Gentlemen, we have allowed a great deal of latitude in order to establish, I think, that from 1953 when you took over this practice stopped.

The WITNESS: It was stopped in 1954.

The CHAIRMAN: I think we could leave it there and proceed.

By Mr. Walker:

Q. Could we come to the next contract which is for the foundations. That is an item \$154,000. Is that correct?—A. Yes.

Q. Was that the lowest tender?—A. Yes.

Q. How many other tenders were there at the time?—A. Four others, a total of five tenders.

Q. They were for what purpose? What was the work which was to be done?—A. That was to provide the footings and the piers for the national printing bureau.

Q. May I ask whether or not this was work which was gone ahead with before the plans and specifications had been completed for the bureau?—A. Yes.

By Mr. Winch:

Q. You put in footings before you had the plans?—A. Before the complete plans of the building were finished.

Q. I have been in the construction business all my life and never heard of anything like this.

By Mr. Walker:

Q. Was this contract awarded to Concrete Construction Limited?—A. Yes.

Q. Whose president is Jules Toralli?—A. Yes.

Q. Of Montreal. Then I see here that in addition there was extra concrete, extra forms and reinforcing, due to extra depths, in an amount of \$87,989?—A. Actually three extras were involved in that one. It was broken down. One was for \$23,092. This was an adjustment to the basement floor so that it would be above the water level.

By Mr. Campbell (Stormont):

Q. Were there no soundings or borings taken to determine the water level beforehand?—A. There were borings made but unfortunately they were not complete borings.

Mr. WINCH: In other words you have two basement floors there now?

Mr. HORNER (Acadia): No; just one big, thick one.

The WITNESS: The basement was raised up.

By Mr. McGregor:

Q. Was the floor put in before the basement was raised?—A. It was left where the pumps are. It is sort of a vacant space where the pumps can pump out the water as it comes in.

Q. Was it the intention in the first place to do it in that way?

Mr. WINCH: You mean we have a floating building there?

Mr. SPENCER: It would float if you left the water in.

An hon. MEMBER: It is a Noah's ark.

The CHAIRMAN: Let us come back again on to solid ground.

The WITNESS: That was No. 2.

By Mr. Walker:

Q. How much was the first item?—A. \$23,092. No. 1 is an extra of \$4,650.

Q. What was it for?—A. Removal of loose earth at various places on the rock surface in the area inside the wall which had to be cleared before the contract for the main superstructure could be carried out.

Q. Would you not expect that that would be in the original contract? That is fundamental, is it not?—A. I would think so. The third is an agreement for \$60,247 for supplementary work based on the unit price of the contract. The rock which they originally had hit was not firm enough for the building and they had to remove additional rock.

By the Chairman:

Q. I am in a little confusion. First of all, were any borings taken?—A. Yes; borings were taken.

Q. But they were not sufficient as it turned out?—A. That is right.

By Mr. McGee:

Q. Did they not go down far enough or were there not enough borings?—A. Both.

By the Chairman:

Q. When the contract was awarded for the footings and the piers they found that the original information was not sufficient and they had to do extra work?—A. Yes.

By Mr. Walker:

Q. Who took the original borings?—A. I believe it was done by the boring crew of the Department of Public Works.

By Mr. McGee:

Q. Were additional borings made at that point?—A. Additional borings would be made at that stage.

Q. Were they sufficient to determine the extent of the problems involved? —A. Yes. That completed that part of the problem.

By Mr. Campbell (Stormont):

Q. Is the main purpose of borings not to determine whether or not this is an absolutely feasible site for the contemplated building?—A. That is correct; the depths to which the foundation must go to ensure the building will remain stable.

Mr. CAMPBELL: And once the evidence became embarrassing then the borings were not continued or no further borings were made.

By the Chairman:

Q. He did not say that. The point is that originally borings were made on which plans were established. In actual fact it was necessary to take second borings. Is that correct?—A. Yes; at this stage.

Q. Which indicated that further excavation had to be made?

By Mr. Crestohl:

Q. By whom were the borings made?—A. By the Department of Public Works boring crew.

Q. Was the second set of borings also done by them?—A. No. They were made under arrangements by Mr. Cormier.

By Mr. McGregor:

Q. By the contractor, and he was paid \$8,000 for the second borings?—A. Not the contractor.

Q. Who was it?

By Mr. Cathers:

Q. When you call for tenders for excavation is it not usually the responsibility of that contractor to make his borings and base his price on what he finds from that?—A. Not exactly, no. That has been a matter of friction between ourselves and the construction industry. We carry out borings, done directly by us or by the consultant, and that information is included in the specifications, but there is a responsibility on the contractor to carry out additional ones, if he feels it is necessary, upon which to base his estimate.

By Mr. McGregor:

Q. But isn't there a clause in all contracts that these borings that are made by him are not the responsibility of the builder, but the responsibility of the contractor who makes his own borings?—A. That is correct.

By Mr. Walker:

Q. If that is so, why should this company then have been paid \$87,000 extra?—A. When a contractor submits his tender there are unit prices, and when this extra work is to be done, it is not uncommon to pay the contractor for additional work based on the unit price which he submitted in his contract.

By Mr. McGregor:

Q. You pay him for additional work, but you do not pay him for additional boring?—A. No.

By the Chairman:

Q. Is it a fact, General Young, that the contractor in this case relied on the report vis-a-vis borings from the department?—A. I would say, Mr. Chairman, that is correct.

By Mr. McGregor:

Q. But let us make it quite clear that there is always in the specifications a notice saying they do not guarantee borings, that the contractor is on his own.—A. That is correct.

By Mr. McGee:

Q. Could we come back to the point of additional borings?—A. I am sorry, that was not the practice before 1954.

By Mr. McGregor:

Q. You mean to say the government guaranteed the borings for the contractor?—A. That is right.

Q. And if it did not turn out, then the contractor had a claim?—A. I think that is true. It was on account of some of these difficulties I think that a change was made in 1954.

By Mr. Walker:

Q. And in this instance, was Mr. Cormier, the architect, responsible for the boring?—A. I think he did part of the boring.

Q. And it was found greatly in error.

By Mr. McGee:

Q. Can I come back to this boring question. Apparently for the purposes of this job, the method of boring was fairly inadequate?—A. That is correct.

Q. That was the prescribed pattern of boring at that time, and if it was inadequate has any action been taken to correct this in the future?—A. Mr. Chairman, one is always confronted with the problem of how much boring to do. Obviously the more boring you do, the more complete will be your answer, but it is time-consuming, and ordinarily our current practice is to try to ensure that we do take adequate borings. But I must confess that we have had projects in the last year where it was proved we did not take adequate borings. As an example an underground small stream can be missed.

By Mr. Walker:

Q. At the present time, if we had a case like this where the borings had been inadequate, would you have paid the extra sum of \$87,000 on this pier and footings figure?—A. It is hard to answer yes or no. In most cases I would say no.

Q. You would make a contractor pay for it himself?—A. That is right, but in some cases we have.

Mr. PICKERSGILL: Mr. Chairman, I would like to clarify a point if I can. I think General Young did say that a change of policy was made by the government. I do not recall personally when it was made, but I do recall the fact that it was made.

The CHAIRMAN: 1953.

Mr. PICKERSGILL: I would not be absolutely certain when it was made, but it was after I became a member of the treasury board in 1953, because I remember it being discussed at that time, and up until that time the department had taken the onus for these borings. Therefore, if a contractor used the department basis and it turned out to be inaccurate, it was felt he had a legitimate

claim against the crown. Since this change of policy, which we thought was a very good thing to protect the crown, it is only in the most exceptional circumstances—indeed I cannot remember a case—it is only in the most exceptional cases where the contractor is not held entirely responsible.

The WITNESS: That is what I said. Normally it is not done, but there have been two or three exceptional cases.

By Mr. McGregor:

Q. May I ask, have you specifications showing how many feet of borings were made and how much was paid for it?—A. Yes, we have that information.

Q. Will you produce that?—A. It is in the plans and specifications.

Q. Well, will you produce that?

The CHAIRMAN: You mean the original one?

Mr. McGREGOR: I would like to know how much a foot he got for the boring.

The CHAIRMAN: But there were two borings taken.

By Mr. McGregor:

Q. How much did the second one cost?—A. These are the plans and specifications for the original excavation.

Q. But that was done by public works. The second was done by somebody else. The second boring was done by somebody else, and he got how many dollars?—A. I think \$900 for the actual carrying out of the borings.

Q. Let us know how many feet of borings he bored?—A. Can you allow us to look that up? We will have it at the next meeting.

By Mr. Walker:

Q. Just two other questions. Here are additions amounting to approximately 10 per cent more than the original contract. Would you be good enough to tell us whether any tenders were called for this extra work?—A. No, Mr. Chairman.

Q. And was there any basis for finding out comparative costs?—A. Well, this was a matter, Mr. Chairman, of negotiation with the contractor.

By Mr. Winch:

Q. And was there an increase on unit price on the second payment?—A. No, there was no increase, I do not think.

By Mr. Walker:

Q. Would you look that up, or can you say there was no increase?—A. I can say there was no increase.

Q. Shall we go to contract number 3, which was for the supply of diesel generators, in the amount of \$71,875. You called tenders on that?—A. Yes, Mr. Chairman.

Q. You awarded it to the lowest tender?—A. That is right, there were six tenders and it was awarded to the lowest tender.

Q. There does not seem to be a great deal of difficulty there. The three diesels cost \$71,875?—A. That is right.

Q. Would you explain that?

By Mr. Winch:

Q. Why do you need to have diesel generators? Have they not got any electric power in Hull?—A. The diesel generators are needed for stand by emergency use; it was for an emergency, and for peak load purposes.

Actually, it was a matter of economics, because with these diesels we avoid extra charges on the peak load which came at the same time that the power companies had their peak load.

By Mr. Crestohl:

Q. Is it usual to have diesels installed in connection with a public building?—A. I would not say it was usual, Mr. Chairman, but we have not another printing bureau of the factory type.

By Mr. Walker:

Q. Going on to contract No. 4 for concrete frames for concrete construction of the main building: tenders were called on July 2nd and the contract was awarded on August 23 1950 to Concrete Construction Limited of Montreal, for \$1,771,219. That was for the concrete frame for the main building.—A. That is right.

Q. I note here all the way through that when tenders are called, and each time—for contract No. 2, No. 4, No. 5, and No. 6, which includes the initial contract, the award was always made to the same outfit, Concrete Construction Company Limited. Is that correct?—A. That is correct.

Q. They always happened to have the lowest tender?—A. They had the lowest tender on each of the five occasions.

Q. The first contract was awarded to them, at which time there were six tenderers. In the case of subsequent tenders, what was the position then?—A. It dropped ordinarily to three.

Q. You say it dropped ordinarily to three?—A. In No. 6, however, there were four tenderers.

Q. Was that just a circumstance? It just happened to be a coincidence that this same company got the contract each time?—A. I think there are two factors: one, is a psychological one. If a contractor is already on the job and has his administration established, it has a psychological effect amongst the other contractors. It "mitigates" competition. They will say: that contractor is already there.

Secondly, and more of a real reason—I have explained it partially—this contractor is on the job, he is settled with all his overhead and administration established. It is not necessary that it be increased very much by taking on an extra contract. So that the contractor who is not on the job will find it a bit difficult to get into the business of the construction.

Q. In each instance—I am looking over the contracts in detail—there were always additions added, to make the price a little sweeter or higher. Isn't that correct?—A. That is right; there were additions in each case.

Q. Would this company be in the position of Miron Freres, that they would bid too low initially, knowing there would always be extras?—A. I cannot say that they knew that they were going to get extras.

Q. But the result was that they always did?—A. In all cases there were extras.

By Mr. Winch:

Q. Does that mean that the plans were incomplete or wrong?—A. Most of the trouble centered around incomplete plans, the fact that tenders were called before the plans were completed.

By Mr. Horner (Acadia):

Q. Does it always happen that way?—A. In this particular case that was the way it happened.

Q. It seems to me like a very amateurish method of operating?

The CHAIRMAN: It did take place in this particular instance. We will not say that it happened as a general rule.

By Mr. Campeau:

Q. Would it be possible for you to give us the names of the "usual two other tenderers"?—A. Yes. We can give you the names of the other tenderers in each case.

Q. You say there were usually three companies?

The CHAIRMAN: From three to six.

By Mr. Campeau:

Q. Three to six?—A. We were talking about contract No. 4. The tenderers were: the Concrete Construction Company Limited in the amount of \$1,771,219.

The E.G.M. Cape Company in the amount of \$1,810,605.

The Foundation Company of Canada Limited, in the amount of \$2,070,826.

By Mr. Walker:

Q. As a matter of fact, the estimate of the Foundation Company of Canada is approximately the same as the initial bid of the Concrete Construction Company Limited.—A. About the same; it was \$2,078,149 as compared to \$2,070,826.

By Mr. McGregor:

Q. Was it the same at all times when these different tenders were called? Was it the same "helpers" who put in the bids?—A. Contract No. 5 was a smaller one. It went to the Concrete Construction Company Limited again.

The Louis Donolo Company Incorporated and the Tower Company Limited bid for contract No. 2 which was in the sum of \$828,155. Donolo's bid was for \$834,200; and the Tower Construction Company bid was for \$852,700.

By Mr. Walker:

Q. What was the figure for contract No. 4?—A. \$2,078,149, and the building one, in No. 5, was \$847,231.25.

By Mr. McGee:

Q. They were the closest competition.—A. The total was \$847,000 for the contractor on the job. The highest bid was \$852,000, and the other was \$836,000.

The CHAIRMAN: There was \$25,000 difference.

By Mr. Regier:

Q. Was there any bidder who submitted a bid in each case where the Concrete Construction Company Limited also bid? Was there any other bidder who continuously had a bid in, in each case?—A. There was no company which continued to bid throughout.

Mr. McGEE: Is it not a fact that in each case it turned out that the final payments were higher than the next closest bidders?

Mr. WALKER: Oh, yes, always.

Mr. McGEE: You have established that?

Mr. WALKER: Yes.

The WITNESS: That is correct.

By Mr. Walker:

Q. That was always so, was it not?—A. Yes. Not necessarily the highest bidder, Mr. Chairman.

By Mr. McGee:

Q. But it was one other?—A. It was one other.

By Mr. Walker:

Q. May I read into the record the additions to these contracts which were handled by the Concrete Construction Limited? I have had several requests from members of this committee to do so.

In regard to contract No. 2, it was \$154,000. The increase was \$87,989 making a total of \$241,989.

In regard to contract No. 4, their second contract, it was let to them at \$1,771,219. The first addition amounted to \$249,973. The second addition amounted to \$51,290 making a total of \$2,078,000. In regard to the fifth contract—A. There was one omitted there. There was a third addition of \$5,667.

Q. I am sorry. Is that so?—A. That was an addition to contract No. 4.

Q. There was a third addition amounting to \$5,667. In other words the tender in regard to that contract amounted to \$1,771,000 approximately and the contractor finally obtained \$2,078,000?—A. Correct.

Mr. PICKERSGILL: That was approximately what The Foundation Company of Canada originally bid?

Mr. WALKER: It was about \$8,000 more.

The CHAIRMAN: Mr. Walker, on what are you basing these figures?

Mr. WALKER: I am basing these figures on a memorandum of the additions to the original contract which I received from the Department of Public Works.

The CHAIRMAN: That is what you are discussing with the witness?

Mr. WALKER: That is what I am discussing with General Young.

By Mr. Walker:

Q. Are those figures correct?—A. Yes.

Mr. CRESTOHL: The first set of figures represented the amounts without additions and the second set of figures represented amounts with the additions, or the extras.

Mr. WALKER: That is right, yes.

In regard to contract No. 5 which was let to the same people in the amount of \$822,185 with additions amounting to \$25,046, making a total of \$847,231.

In regard to contract No. 6 for the completion of the building, it was let in the amount of \$7,999,982 with additions amounting to \$34,344. The second addition amounted to \$86,333. The third addition amounted to \$163,985. The fourth addition amounted to \$15,345. The fifth addition was \$68,997. The sixth addition was \$10,386. The next addition amounted to \$285,794. The final addition, which would be the eighth I believe.

The WITNESS: That is the eighth, yes.

By Mr. Walker:

Q. That amounted to \$89,137.

This company originally bid \$7,999,000 odd and finally obtained \$8,780,527. That is correct, is it not?—A. That is correct.

Mr. Chairman, there were certain deletions.

By Mr. Walker:

Q. There were certain deletions afterwards which amounted to \$86,905?—
A. Yes.

Q. Is that correct.—A. Yes, and that brought the final total of that contract to \$8,693,622.51.

Mr. PICKERSGILL: May we be given the other bids in regard to that original contract?

By Mr. Walker:

Q. May we have those figures for our next meeting?—A. We have them here.

Mr. PICKERSGILL: I think it would be desirable to have those figures given now.

The WITNESS: In regard to the other bids the first one was made by the Concrete Construction Company in the amount of \$7,999,982. The second bid was made by Anglin Norcross in the amount of \$8,440,000. The next bid was made by the Foundation Company of Canada in the amount of \$8,500,000. The next bid was made by the Hardy Construction Company in the amount of \$8,622,000.

By Mr. Pickersgill:

Q. There is one further question I should like to ask at this point. Did any of these additions involve extras above original specifications on which the contractor made his bid?—A. Yes, there were extras and changes which in many cases were due to incomplete plans and specifications at the time of the tender call, Mr. Chairman.

By Mr. Winch:

Q. I notice here in regard to this main contract that the additions amounted to approximately \$1 million.—A. That is correct.

Q. That represents more than a 10 per cent increase. Could you give us an explanation as to why, in regard to a project of this nature, the government would proceed on contracts for alterations and changes when the plans were such that an additional cost of \$1 million was involved? Where does the responsibility for this lie? Does the responsibility lie with the consultant, the architect, or is there also a responsibility on the Department of Public Works for proceeding on what appears to be a most inefficient and unusual basis?—A. I think, Mr. Chairman, the Department of Public Works must accept responsibility.

In our current practice we become very perturbed if the extras on a contract come near 10 per cent.

You must keep in mind that inevitably there are changes. We start to build a federal building and the Department of Agriculture, for instance, has a new function added and we have to change the partitions.

We attempt in the original design to make it sufficiently flexible that if an office has to be re-laid the ducts for telephones are all in. One of these items we are talking about was—

Q. I understand that, but can you give us an explanation why these extras amounted to more than 10 per cent?—A. There is very little reference to that in the files.

Many of these changes took place as a result of discussions between Mr. Cormier and Mr. Cloutier, the deputy minister, and did not reach the chief architect for checking.

Q. Do you mean to say that something like this, involving that amount, is taken without the chief architect having seen it?—A. Action was taken in many cases; not all, but in many cases action was taken without the matter having been checked by the chief architect.

By Mr. Walker:

Q. Who actually ran this show; what personnel were really responsible for it and formed themselves as a committee?—A. It appeared to have been pretty well the minister, the deputy minister, Mr. Cormier, Mr. Power when he was in it, and Mr. Cloutier.

Q. Mr. Fournier, the Minister of Public Works?—A. Yes.

Q. Mr. Murphy?—A. The deputy minister.

Q. Mr. Cormier?—A. The architect.

Q. And Mr. Power?—A. The engineer; and Mr. Cloutier, the chief of the printing bureau.

Q. The Queen's Printer?—A. Yes.

By Mr. Winch:

Q. Who actually signed the authorization on this?—A. The deputy minister or the minister. Most of these went to the treasury board.

Q. I was going to say, because it was outside the contract, it must have gone to treasury board?—A. Yes.

Q. And it was okayed by them or they would not proceed?—A. That is correct.

Mr. PICKERSGILL: There is one point I should mention. In spite of all these modifications and in spite of all these additions the total cost does not seem to have been very much out of line with most of the other bids which were initially received.

By Mr. Campbell (Stormont):

Q. If you had the extras, it would have gone higher. Is it not a rather interesting coincidence that the increased cost due to these changes would be about the equivalent of the next competitive bid? Does not that look like a strange coincidence?—A. I think most of the—

Q. As if this bidder had some advanced or particular information; is not that the obvious conclusion?—A. I think, in checking these changes, they were obviously necessary and, by the same token, they were missing in the original specifications.

Q. By accident or design?—A. Normally, any of the higher bidders would have additions comparable to what was given in this case. I cannot tell exactly because you are discussing cost on a non-competitive basis.

By Mr. Crestohl:

Q. So the next competitive bid was without extras?—A. Yes.

By Mr. Horner (Acadia):

Q. If he had worked six or seven other contracts, would he not become accustomed to knowing that additions would be obtainable?—A. I cannot answer that factually.

Mr. HORNER: I think he would.

The CHAIRMAN: Gentlemen, let us keep to regular questions.

By Mr. Winch:

Q. On these additions, there were no tenders called for the additions; on what basis were they paid? Was it a cost-plus basis?—A. It was a matter of negotiation with the contractor. The officials would sit down with the contractor and discuss the matter.

By Mr. McGregor:

Q. Would it not be obvious the architect would know when he submitted those plans that here had to be changes made—that there would have to be additions?—A. I would think, Mr. Chairman, in most cases that he should have known, and they should have been completed. It is possible he was pushed from time to time by someone saying "we want to get on with this work", and I believe he was under pressure.

Q. And they were calling for tenders when the plan was not complete and whoever got the contract on the inside knew what was going to happen.

By Mr. Murphy:

Q. Mr. Chairman, I would like to direct a question in regard to contract No. 2. The original contract was \$154,000 and the extras amounted to \$87,939.27?—A. That is correct.

Q. The extras are over 60 per cent more than the original contract; is that about right?—A. That is correct.

The CHAIRMAN: Mr. Carter, do you wish to ask a question.

By Mr. Carter:

Q. I would like to ask one question. Before tenders were called, had the department prepared any kind of an estimate about what the cost of this building might be in order to compare same with tenders that would be received?—A. No, the department did not. The only estimate, and it was really not an estimate,—which came out earlier in the evidence—was the \$6 million one. For the employment of an architect or a consultant of any kind it was always a normal practice to have an estimate made to determine what the fees of the architect or engineer are likely to be. There were no plans, and no sketch plans— The chief architect of the time made a rough guess that this was let us say a \$6 million project. Our current practice, of course, is that we have a committee that studies the requirements, and before any submission is made, sketch plans are completed and the chief architect makes an estimate on a cubic foot basis of what the cost will be. We are very perturbed if we do not come within 10 per cent of what the estimated cost is when all the plans are completed.

Q. Do we regard the original \$6 million that went into the estimate as the original estimate a guess estimate?—A. Yes.

Q. There was never a detailed estimate?

By Mr. Winch:

Q. I would like to direct a question to General Young: when these very heavy additions were submitted to the treasury board for authority, in view of their size, have you any record of the treasury board making inquiries of the Department of Public Works as to why there were these big increases?—A. Yes. There are references where the treasury board came back and said they would like more explanation as to why this was necessary at this time or as to why the amount was such. I think, in most of the major cases, they did come back.

Q. Then the question naturally arises, did the department, in answer to these inquiries from the treasury board, tell them it was because of incomplete plans and specifications, and if so— —A. I do not think it was rationalized in that way.

Q. Did they not ask you why?—A. It was not rationalized in that way. Normally what actually happened was explained. For instance, in respect of the reinforced ramps and the loading platform, the argument was put forward that changes had to be made which accounted for this additional cost.

By Mr. Crestohl:

Q. The argument was that this was practically all caused by changes and by additions?—A. I think that the position mostly could be summarized, first as a lack of plans, before they started the operation, and secondly in many cases incomplete plans.

Mr. MORTON: Mr. Chairman—

Mr. CRESTOHL: Just a minute.

The WITNESS: And thirdly, changes which do sometimes occur in a building, even now.

By Mr. Crestohl:

Q. When you say changes, do you mean additions?—A. Changes in layout. I mean that the Queen's Printer would say, "I want to change this room for that one."

Q. That would be no fault of the original plans—A. No. That is the type of change which we face now, but we try to avoid the first, that is the incomplete plans. Before any tender is considered we like to have the complete plans and specifications.

By Mr. Campbell (Stormont):

Q. Was there any great urgency of time; was this shortly prior to an election, or was there at any time priority or any crisis?—A. I think technically I would find it hard to say there were reasons for urgency on the construction side.

Mr. WALKER: There has been ten years of urgency.

Mr. PICKERSGILL: As I understand it the contract for the excavation was let in 1949. I think you told us that was before the plans had been prepared. Could we be told at what time the plans were prepared?—A. The plans were not completely completed before certainly late 1952.

Q. When was the first contract called for construction as opposed to excavation?—A. The first contract for excavation was April 29, 1949.

Q. No. When was the first contract for construction?—A. Of the main structure?

Q. Yes?—A. The final contract for the main structure was in September. The tender call was made on September 17, 1952.

By Mr. Campbell (Stormont):

Q. Was the actual excavation started in April?—A. June of 1949.

Q. And what was the date of the election?

Mr. PICKERSGILL: June 27, 1949.

The CHAIRMAN: Gentlemen, I must insist that we are trying to keep this committee on a certain level and we should act in a semi-judicial fashion. If there is any skullduggery it will come out in due course, but let us not imply things there is no evidence to substantiate at this time.

Mr. WALKER: May I suggest that the rest of the time be devoted to question by members.

The CHAIRMAN: Yes.

By Mr. Morton:

Q. Mr. Chairman, do I understand General Young to say the present practice is that when plans and specifications are made up and ready for tender the chief architect is part of the committee which examines these plans before the tenders are let?—A. The chief architect does.

Q. If there are any changes, under your present procedure, does the chief architect come in?—A. The chief architect is very much in the picture. He goes through them and analyzes them very carefully and then they come to me and I go over them.

Q. When these plans were made for this specific contract which we are discussing today I understand that that was not the procedure?—A. No. There is evidence that the chief architect on that occasion was not given an opportunity to make comments.

By Mr. Winch:

Q. Was there any complaint from the chief architect?

By Mr. Walker:

Q. The chief architect was Mr. Brault and he is deceased.—A. Yes.

By Mr. Carter:

Q. Was there sufficient staff at that time to cope with the amount of drafting that was required to be done in the Department of Public Works? Has there been any additional staff hired since then?—A. Certainly; considerable. But the activities of the department have almost quadrupled.

Q. Since 1949?—A. Yes.

The CHAIRMAN: The next meeting will be on Tuesday morning in this room at 9:30.

Mr. WALKER: Do you wish to proceed with this on Tuesday?

The CHAIRMAN: Yes.

DETAILS OF EXPENDITURE

Exhibit P-1.—APPENDIX "A"

Year	Estimator Action	Transfers	Advances (Carries)	Consultant Powers	Appraisal, Legal & Other Fees	Land	BUILDING CONTRACTS					Total Building Contracts	Total Expenditure			
							General Excavation — Miron Freres (Original Amount \$55,000)	Footings & Piering—Concrete Construction Ltd. — (Original Amount: \$154,000)	Coscrete Structure of Main Bldg.—Concrete Construction Ltd. — (Original Amount: \$1,771,219)	Concrete Structure of Power House—Concrete Construction Ltd. — (Original Amount: \$322,185)	Completion of Main Bldg.—Concrete Construction Ltd. — (Original Amount: \$7,999,942)					
	M = Main S = Suppl. T = Total															
46-47	M: 100,000 S: — T: 100,000	\$	\$	\$	\$	\$										
47-48	M: 200,000 S: — T: 200,000			18,329	4,158								22,487			
48-49	M: 200,000 S: 400,000 T: 600,000			22,100	11,000	157,703							160,941			
49-50	M: 600,000 S: 1,000,000 T: 1,600,000			82,970	2,475	12,352	717,187	236,185	81,216				317,411	1,132,376		
50-51	M: 1,250,000 S: — T: 1,250,000			38,581		5,947	316,743	2,500	160,773	360,015				MacDonald General Construction Ltd.—Culvert..... 3,106	556,304	915,045
51-52	M: 1,300,000 S: — T: 1,300,000	400,000	60,234			7,149	293,084			1,181,056	137,165			Consolidated Engines & Machinery—3 Diesel Units for Power House: (71,875) Expenditure..... 40,500	1,350,321	1,000,655
52-53	M: 2,500,000 S: — T: 2,500,000			68,900		4,903	56,405			595,478	660,068	521,635		Consolidated Engines & Machinery—(above contract)— Expenditure..... 31,378	1,719,557	1,841,835
53-54	M: 2,750,000 S: — T: 2,750,000	5,210,000	198,434			1,208	10,930			49,997	4,941,528				4,091,525	8,397,815
54-55	M: 3,500,000 S: — T: 3,500,000			104,059		6,456	183,747				2,848,322				2,643,322	2,008,484
55-56	M: 1,200,000 S: — T: 1,200,000			4,399		7,649	90,107				135,669			Extension of Services to machinery and equipment installed, various phases—Bedard-Gerard T.B. 49C154 and availability—no tender call Expenditure..... 94,307	312,222	460,277
56-57	M: 400,000 S: — T: 400,000	856,000				3,830	47,170				451,470			Contracts for Steel Shelving and Partitioning Expenditure..... 108,718		
57-58														Temporary Boardwalk..... 1,988		
58-59	M: 400,000 S: 400,000 T: 800,000													Additional payment to Consolidated Engines & Machinery..... 1,420		
	M: 14,400,000 S: 1,800,000 T: 16,200,000	6,400,000	545,153	12,164	61,159	1,825,765 (Incl. taxes paid to City of Hull)	218,695	241,281	2,078,149	847,211	8,000,024			Total..... 774,658	1,841,40	15,112,961

SUMMARY OF ABOVE EXPENDITURE DETAILS—

Total cost of project to March 31, 1958.

Cost of Building.

Cost of Land.

Payments to Architect.

Payments to Consultant.

Appraisal, Legal & Other Fees.

\$

15,332,604

12,671,346

1,825,765

(Incl. taxes paid to City of Hull)

15,332,604

12,671,346

1,825,765

(Incl. taxes paid to City of Hull)

* From 1957-58 votes for: "Balances", "Improvements Generally", and "Maintenance".

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

TUESDAY, AUGUST 12, 1958

WITNESSES:

Major General H. A. Young, Deputy Minister and Mr. E. A. Gardner,
Chief, Department of Public Works.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*),

and Messrs.

Allmark	Drouin	Murphy
Badanai	Fraser	Nasserdan
(a) Bell (<i>Carleton</i>)	Granger	Nugent
(b) Benidickson	Grenier	Pickersgill
Bissonnette	Hales	Regier
Boulanger	Hanbidge	Robichaud
Bourbonnais	Hardie	Small
Bourget	Horner (<i>Acadia</i>)	Smith (<i>Simcoe North</i>)
(h) Broome	Keays	Smith (<i>Winnipeg North</i>)
Campbell (<i>Lambton-Kent</i>)	Lahaye	Spencer
Campbell (<i>Stormont</i>)	Macdonald (<i>Kings</i>)	Stewart
Campeau	(d) Macnaughton	Valade
(f) Carter	MacRae	Villeneuve
Cathers	Martel	(e) Walker
Coates	McGee	Winch
(c) Crestohl	McGregor	Wratten
Denis	McMillan	Yacula
(g) Doucett	Morissette	
	Morton	

Antonio Plouffe,
Assistant Chief Clerk of Committees.

- (a) Replaced Mr. Campbell (*Lambton-Kent*) on July 8.
- (b) Replaced Mr. Boulanger on June 12.
- (c) Replaced Mr. Denis on July 31.
- (d) Replaced Mr. Crestohl on July 9.
- (e) Replaced Mr. Small on July 9.
- (f) Replaced Mr. Houck on August 6.
- (g) Replaced Mr. McCleave on August 12.
- (h) Replaced Mr. Morris on August 12.

ORDER OF REFERENCE

TUESDAY, August 12, 1958.

Ordered,—That the name of Mr. Doucett be substituted for that of Mr. McCleave; and

That the name of Mr. Broome be substituted for that of Mr. Morris on the Standing Committee on Public Accounts.

Attest

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, August 12, 1958.
(6)

The Standing Committee on Public Accounts met at 9.30 a.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Allmark, Bell (*Carleton*), Benidickson, Bissonnette, Bourget, Campbell (*Stormont*), Campeau, Cathers, Coates, Crestohl, Fraser, Grenier, Hales, Hanbridge, Lahaye, Macnaughton, MacRae, Martel, McCleave, McGee, McGregor, Morissette, Morton, Murphy, Nugent, Pickersgill, Smith (*Simcoe North*), Spencer, Stewart, Villeneuve, Walker, Winch, and Wratten. (33)

In attendance: General H. A. Young, Deputy Minister; E. A. Gardner, Chief Architect; D. A. Freeze, Director, Property and Building Management Branch; R. G. McFarlane, Assistant Director, Property and Building Management Branch; and J. O. Kemp, Contracts Division, Building Construction Branch, all of the Department of Public Works.

As requested at the last meeting, copies of a document entitled "Details of Expenditure" were available and distributed to the Members. (This document, marked EXHIBIT P-1, appears as Appendix "A" in Issue No. 3)

As requested also, copies of the details for the six contracts (tenders) were distributed. (This document is marked EXHIBIT P-2)

On motion of Mr. Bell, seconded by Mr. Villeneuve,

*Ordered,—*That the details of the six contracts under review be printed as Appendix "B" in this day's evidence.

The Chairman made a brief statement on certain reports which were published in the press of Monday, August 11.

Major General H. A. Young was called and further examined on the details of expenditure, on the contracts awarded and the tenders received in relation to the Printing Bureau.

Mr. Walker, who again led the examination, quoted from extracts of Minutes of the Treasury Board and from a letter of objection from the Chief Architect dated September 12, 1952.

Mr. Bourget expressed doubts as to the propriety of quoting from Minutes of the Treasury Board which were not in the hands of all the members of the Committee.

After a brief discussion and because of the extent of the information in the hands of Mr. Walker, and on motion of Mr. Bourget, seconded by Mr. Crestohl,

*Ordered,—*That five copies of the said extracts be produced for the use of the members of the Committee.

Mr. Gardner, Chief Architect, was also questioned at some considerable length.

The Chairman reminded the Members of the visit to the Printing Bureau arranged for 2 o'clock this day.

At 10.57, General Young's examination still continuing, the Committee adjourned until Thursday, August 14, at 9.30 a.m.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

TUESDAY, August 12, 1958.

The CHAIRMAN: Gentlemen, we have a quorum.

The secretary is distributing now what I would like to produce as exhibit P-2, details of contracts. Could we have a motion that these details be printed in the evidence?

Mr. BELL (Carleton): So moved.

Mr. VILLENEUVE: I second.

Carried.

The CHAIRMAN: You have before you, or you should have by now, the details of expenditures which was produced as exhibit P-1, and has been printed in the minutes of proceedings and evidence, issue number 3.

Now, gentlemen, I would like to call your attention to the visit this afternoon to the printing bureau. Transportation will be provided out in front of the peace tower at 1.45, and we hope to leave at 2 o'clock. It has been suggested and, of course, we welcome it, that the press come with us, and that the photographers, if they so desire, accompany us too.

Would you at this time please let the secretary know whether you are coming or not. Up to the present we have only fifteen who have indicated that they are coming. I am sure this afternoon there will be about fifty. Would you indicate with your hands.

Mr. BELL (Carleton): What is the present estimate as to how long it will take?

The CHAIRMAN: Two hours.

With regard to the seating accommodation, we are trying a new experiment today. If you like it, fine; if you do not, we can revert to the system we had before.

After this meeting, if there is time would the steering committee be good enough to wait?

Now gentlemen, I would like to make a very short statement. I think perhaps it might be necessary. We have seen in the local press particularly a lot of statements. This is, of course, a free country—

Mr. CRESTOHL: Would you speak a little louder, Mr. Chairman.

The CHAIRMAN: You should move a little closer, Mr. Crestohl. I was saying that at this time there appear to be quite a few statements appearing in the press. This is, of course, a free country, and people are entitled to say what they think. However, we will be dealing and we are dealing with men of established, good reputations. I would like to point out to you that this committee is a fact-finding committee primarily, and I think that we, as a committee, must not make any general charges unless we have evidence.

I think we should reserve our judgment until we have all the evidence in front of us. I just throw that out as a plain statement.

In due course we will have Mr. Cloutier, the Queen's printer, probably on Thursday. We will also have Mr. Cormier, the architect in chief, and various other witnesses as decided upon by the steering committee.

Mr. McGEE: Mr. Chairman, may I ask a question on this point? Is it possible to call a judge of the Exchequer Court as as a witness?

The CHAIRMAN: Well, I am a lawyer, I hope of some distinction, but I certainly would not pass judgment on that at this time. It is in the hands of the steering committee. Our powers are fairly extensive. We can call anyone within reason.

This morning, gentlemen, we will continue with General Young, the deputy minister of the Department of Public Works, and it was thought that we should use the procedure followed in other meetings, namely, we have asked Mr. Walker to make a thorough study of the printing bureau. Probably the committee would agree to let him ask his questions and then we will throw the meeting wide open for any other questions.

Major General Hugh A. Young, C.B., C.B.E., D.S.O., (Deputy Minister of Public Works), called:

By Mr. Pickersgill:

Q. Before Mr. Walker proceeds, there are two questions I would like to put for clarification, if the committee would agree, with respect to the main contract, the one that was originally let for \$7,999,982, and also to the figure of \$8,693,624 as this chart shows. This, of course, is the biggest real increase at any place in this whole business, and I would like to ask General Young two questions. The first question is: what was the departmental estimates of the total cost? I understand the department makes an estimate before tenders are called for these contracts. The second question is, so that the committee will see what I am driving at, were all the additions to this contract made after General Young became—and I am not talking about the original contract because I understand it was let before he became deputy minister—were all the additions made before he became deputy minister of the department?—A. Mr. Chairman, the answer to the first question is Mr. Cormier's estimate on that number 6 contract was \$8,701,600.

Q. That was the estimate before tenders were called?—A. Before the tenders were called.

Q. And the bid was actually under \$8 million?—A. Actually the first bid was just under \$8 million.

Q. So the first bid was \$700,000, plus, less than the department's estimate of the cost?—A. Mr. Cormier's estimate.

Q. Well, Mr. Cormier's estimate for the department. The department made no actual estimate on this thing?—A. No, that is right, sir.

Q. In other words, the original estimate for the erection of this building was greater than the actual price which was received?—A. Greater than the tenders.

Q. In other words, this contract with all the additions was completed at less than the amount the architect contemplated when first asking for bids?—A. That is correct.

Q. The second question is, were all the additions to this amount produced after General Young became deputy minister?—A. I was deputy minister for the additions shown on your sheet—G site development \$285,794.22, the adjustment of the electrical fixtures, \$89,137.24, and miscellaneous items of \$26,224.60.

Q. The major change would have been made before you were deputy?—A. Yes, sir.

By Mr. Walker:

Q. General, could I have the material on which to examine?—A. Yes.

Mr. CRESTOHL: Before we launch into further examination, Mr. Chairman, would you be good enough to repeat to the committee the terms of reference of this committee. What is its scope? What is our work? Would you point out that we are not sitting as a royal commission to delve into the past history? In what we are doing as a committee are we not limited to an inquiry into the past year or two? How far can we go back? Bearing in mind, as I said, that we are not sitting as a royal commission, if a committee such as this sat last year or the year before I think it was their business to have dealt with the matter. I am not attempting to preclude the discussion as it is, but I am anxious to find out what are our terms of reference and the scope of our power as a parliamentary committee dealing with these matters.

The CHAIRMAN: I guess you did not attend the first meeting.

Mr. CRESTOHL: No.

The CHAIRMAN: If you have reference to the minutes of proceedings and evidence No. 1 you will see there the terms of reference set out in printed form. Generally speaking, the purpose of this committee is to inquire as a fact finding committee.

Mr. CRESTOHL: How far back?

The CHAIRMAN: This particular subject which was chosen by the steering committee is an inquiry into the building and operation of the national printing bureau.

Mr. CRESTOHL: Without limitation?

The CHAIRMAN: If in order to understand something which took place last year or the year before we have to go back three or four years then we will go back three or four years.

Putting it in simple language, there have been so many rumours about the national printing bureau and our object is to lay the facts on the table. Either the rumours are true or are not true. We are here to find out and will reserve opinion until we get the facts.

Mr. PICKERSGILL: Mr. Chairman, it would appear to me that the only document referred to us for consideration is the public accounts for the year 1957-58. I speak as a member of the former administration, which had most of the responsibility for this structure although not the responsibility for what has been done recently and for appropriating another \$800,000 for the purpose, which is the responsibility of the present administration. But for all the previous dealings we had responsibility; and I would hate to have any appearance created in any way that there was any restriction whatsoever upon the full scope of this inquiry.

The CHAIRMAN: I can assure you that as long as I am chairman there will be no restrictions.

By Mr. Bourget:

Q. We have seen over the weekend in all the newspapers that the first estimated cost was \$6 million; then it followed that the people understood that the building cost, let us say, \$10 million more. I would like to ask General Young who made that first estimate of cost of \$6 million?—A. Mr. Chairman, when the project was first considered and it was thought essential that a consultant architect should be appointed, the chief architect at the time in

preparing the information for the request through the treasury board for the appointment gave an estimate of \$6 million; but it had not been worked out in detail.

- Q. There were no details; there was no breakdown at all?—A. No plans.
Q. So that the \$6 million was just a guess?

By Mr. Pickersgill:

- Q. That was made, I believe, in 1948?—A. Yes.

Q. The contract for the main structure was not let until 1952. I know, because I bought a house here at that time, that in the interval between 1948 and 1952 there was a tremendous increase, perhaps the biggest in any four-year period, in building cost. Could you, or the chief architect, tell us what the increase in building costs was between any given date in 1948 and the corresponding date in 1952?—A. About 24 per cent.

Q. So that that \$6 million should be, by 1952, \$7½ million?—A. That would be correct.

- Q. That, I believe, is pretty close to the main contract.

By Mr. Walker:

Q. General, when we closed last day you were going to say something about this. We have a series of contracts, not one over-all contract but a series: one initially for the excavation given to Miron Freres and another five contracts given to Concrete Construction Limited. In all those but one the contract went out sort of piecemeal. What have you to say to that? Could that happen today in your department?—A. Mr. Chairman, I certainly would not permit it today.

Q. Why not?—A. After commencing in 1954 the technique of separate excavations, to which I made reference, was stopped and when a new project was planned it included the excavation, and there was one general contract for the whole project. We also introduced at that time a more careful study of a project to be built.

I think it might be appropriate for me to mention some of the things which we did, and then perhaps come to some of the disadvantages of a series of tender calls. One thing is that a committee was set up in the department of senior officials to study projects.

Q. Was there no such committee before you came in?—A. No. This committee was under the chairmanship of the assistant deputy minister and consisted of the heads of the branches, two architects and engineers and an economist when necessary. Requests for accommodation were studied by that committee and representatives of the departments concerned were called in to give their views. By this procedure we analyzed the accommodation requested to the end that an appropriate amount of space would be given rather than just what the other departments thought they should have. After the decision is made by the government that a certain project is approved then the role of the chief architect is to complete tentative sketch plans from the cubical contents and sketch plans. From the cubical contents and sketch plans a very good estimate can then be prepared. That has been the procedure since 1955.

Q. Getting back to contract No. 4 on page 3 of the memorandum which we all have—

The CHAIRMAN: Would you identify that a little better? That will be appendix B to the printed evidence of today's proceedings?

The WITNESS: Concrete frame for main building.

By Mr. Walker:

- Q. Contract No. 4 on page 3.

General, in connection with these, were there any tenders called before the concrete frame for the main building was let—No. 4?—A. I am not quite certain of your question; were tenders called before—

The CHAIRMAN: What is your question, Mr. Walker?

By Mr. Walker:

Q. The question is in connection with contract No. 4, which was awarded to the same people, the Concrete Construction Limited.—A. Yes.

Q. Did they obtain it by way of tender?—A. Yes.

Q. And on open tender?—A. Yes.

Q. And their price was what?—A. Their price was \$1,771,219.

Q. And the Foundation Company, the highest tender, was what?—A. \$2,070,826.

Q. And by the time the Concrete Construction Limited had finished with this particular contract, how much had been given to them?—A. \$2,078,149.

Q. That is \$8,000 more than the Foundation Company's highest tender?—A. That is correct.

Q. Now, would you tell me in connection with these additions what is the reason for the additions under all the circumstances?—A. I think, Mr. Chairman, when a contractor has had three contracts, as he had in this case, on a job, it sort of mitigates against good competition from other contractors. Secondly, I think it makes it difficult: to obtain competitive prices. Therefore, it is very difficult to actually compare the prices with what they should be.

Q. Well now, in connection with addition (a) "reinforced concrete ramps and loading platforms" should not that have been included in the original tender called?—A. I would think so, Mr. Chairman.

Q. That is an extra item of \$249,973.22.

By Mr. Bourget:

Q. Is this item which is covered in (a) in the amount of \$249.000—if that was not included there, would it have been included in contract No. 4? Was it necessary?—A. Yes, it was necessary. The contractor could not finish his work on the original.

By Mr. Pickersgill:

Q. Was it necessary to the original conception or was it as a result of some change in plans made subsequent to the calling for tenders?—A. I cannot find any justification for that. It seems to me it should have been included in the original contract.

Q. I suppose Mr. Gardner was in the department at that time; he would not have any information on that subject?

By Mr. Walker:

Q. You could not have such a building without concrete ramps?—A. Pardon; I did not hear your question.

Q. You could not have such a building without concrete ramps and loading platforms?—A. No, they were very necessary.

Q. You could not get in or out?—A. You could not get in with the heavy loads.

Q. Item (b)—“miscellaneous items of work, additional for surface finish—\$51,290”. What is that for?—A. It is a series of various items. Alteration at basement slab; vent shaft wall to rock; 12-inch wall near pit to rock; 2'6" wall along row S; dowels for colum D-1; platform at S2-S1 R2-R1; 24" manhole at stairs; rods over chairs; steel at basement slab; marquis slab steel; beams at

elevators; beams at third floor; beams over side of stairs; 8-inch concrete wall at first floor; steel for floor and expansion joints; steel for beam expansion joints; alterations to windows, etc.; beam E-1 to E-2 at main entrance; sleeves at ramp section; float finish; sleeves and holes in the slabs; flashing at marquis; telephone entry.

Q. You are indicating these are all things that should or should not have been included in the original contract?—A. In my opinion most of them should have been.

Q. And in regard to item (c), the additions—\$5,667, the same answer applies?—A. This was due to a change from steel construction to concrete on the third floor.

By Mr. Winch:

Q. Was there a reduction in the steel contract on account of that change?—A. No.

Q. How could it change, as an addition, in the amount of \$5,667 on the concrete and there was no reduction of a similar amount in the steel? How would that be explained?—A. I would say it should have taken place. We have no evidence it did.

Mr. BENIDICKSON: I regret I missed the last meeting of the committee. I do not know your decision which was taken with regard to examining General Young, but sitting as close as I am to him I realize that we are examining him frequently on matters that took place in the department when he was not there, and asking his opinion about them. I notice almost invariably he has to turn to the chief architect who was in the senior post in the department at that time, for a little prompting as to the answer. My experience in former committees is we have frequently had two members of a department sitting side by side and we have not had any difficulty in going from one to the other if the first-hand information happens to be in the other person's mind. I wonder if the committee wishes to come to any decision on that point. I do not think there is anything irregular about appealing to Mr. Gardner if it refers to something of which he might have knowledge, and obviously has, rather than ask General Young with respect to matters that were not of his knowledge because he was not in the department at the time.

The CHAIRMAN: This question was raised at the first meeting and was discussed with the witnesses. He indicated his preference that he speak for the department. My own feeling is we should have the witness in charge, the best witness. In my opinion the best witness would be Mr. Gardner; but it is up to the committee to decide.

Mr. BENIDICKSON: I think the question is perfectly in order as Mr. Walker presented it "in your opinion now, from the experience you now have in the department, you think it should have been done that way"; but why it was done is another question altogether, and I think only Mr. Gardner perhaps could speak about that. Even he may not have the answer.

The CHAIRMAN: General Young does not object to referring some of the questions to the chief architect.

By Mr. Walker:

Q. Now getting to these additions in addition (a), I refer you to Mr. Torelli's letter of September 26, 1951. As president of Concrete Construction Company Limited he is making his claim for extras and says:

We wish to advise you we hold the department responsible for this delay. Our claim covering this substantial cost will be submitted in due course.

Mr. Torelli is complaining of the delay. What is the result of it? In other words, was it as a result of these series of contracts, one following the other, instead of one over-all contract?—A. The tender was called on the 21st of July.

By Mr. Bourget:

Q. What year?—A. 1950-51.

Mr. PICKERSGILL: It shows 1951.

Mr. WALKER: September 26, 1951 is the date of this letter and it refers to the additions No. (a) to the contract—No. 4.

By Mr. Pickersgill:

Q. If Mr. Walker would permit me, I would like to ask if we could be told when these additions were authorized. The tenders were received on the 23rd of August, 1950. Could we be told on what date the job started and at what date the additions marked as (a) were authorized by the department.

Mr. BELL (Carleton): Is not that what Mr. Walker was leading up to? Should we not leave it to him?

By Mr. Walker:

Q. I was going to bring it out. I think it is a good question. The order in council was passed on the 27th of November, 1951?—A. The original contract was awarded on the 14th of September, 1950.

Q. This addition (a) was by order in council dated November 27, 1951.

His complaint here is of a delay. On the next page you will see another letter from him in which he states—I ask you to note this—concrete class "A", \$11.50 the unit price; backfill, \$1.50.

Now the prices have gone up because the excavation was originally 50 cents per cubic yard and backfill is easier, is it not, than excavation?—A. No, Mr. Chairman. Backfill is more expensive.

Q. It is more expensive, I see.—A. In the initial excavation they can put machines in there and throw the dirt out. When they have to backfill it has to be done more carefully, and some must be done by hand.

On the above 6 items the increased cost since August, 1950 to date according to Bureau of Statistics average 28.4 per cent.

He has added to the tender, \$48,738. The Department of Public Works after examination cut it down to 13 per cent.—A. On his claim for \$48,738 he was allowed \$22,850, bringing it down 24 per cent.

The CHAIRMAN: Mr. Walker which document are you referring to?

Mr. WALKER: I am now referring to the Concrete Construction Company's estimates set out in a letter dated September 26, 1951, addressed to the Department of Public Works.

Mr. PICKERSGILL: Has that reference, Mr. Walker, to the additions marked "A"?

Mr. WALKER: Yes. I am glad my friend Mr. Pickersgill asked that. Everything we are now talking about concerns addition No. A to contract No. 4 in the amount of \$249,000.

Mr. PICKERSGILL: I understand these additions were authorized by an order in council dated November, 1950.

The WITNESS: That was for the main contract.

Mr. WALKER: We are talking about November, 1951.

The WITNESS: We are now talking of the extension which took place in 1951.

Mr. WALKER: The main contract was for \$1,775,000. This is the first document which is dated some time later—a year later.

Mr. WINCH: Mr. Chairman, I think there is a question which automatically follows the sequence here.

By Mr. Winch:

Q. In view of this letter indicating that the increase was to some extent based on increases in unit costs, and if that is so, in the original contract was there an accelerator clause to take care of that increase? If there was no accelerator clause, is it usual, or unusual for a person to increase the cost of completion of the job when a tender is given?—A. This arises because the Department of Public Works approached the contractor to discuss these extras in the spring of 1951. Agreement was reached with the contractor some time around July 21, but the final approval was not given until December.

The argument is, that these extra costs were in respect of labour increases; sales tax; workmen's compensation and heating protection in the winter.

By Mr. Walker:

Q. I am going to bring all that out in due course.—A. This increase related to the fact that the contractor said, "I have been held up for several months. I should have been doing this additional work in July."

By Mr. Winch:

Q. He places the responsibility on the government? When I say "government" I mean the Department of Public Works.—A. On the Department of Public Works. He said, "You have held me up now. I am going to be confronted with these extra costs as compared with the costs I gave you last July."

The CHAIRMAN: Is that set forth in the letter?

Mr. PICKERSGILL: There is one question I would like to ask for clarification. We are talking only of additions?

The CHAIRMAN: That is right.

Mr. PICKERSGILL: The contractor was not asking for any extra payment on the amount comprehended, that is the \$1,700,000?

Mr. WALKER: This is all in respect of additions.

Mr. PICKERSGILL: Before the agreement was reached and during the negotiation stage?

Mr. WALKER: During the negotiation stage.

The CHAIRMAN: Was that set forth in a letter?

Mr. WALKER: The demand is set forth in a letter dated October 15, 1951 after the Department of Public Works had cut down his claim from \$40,000-odd to \$22,000-odd. He was allowed \$22,850 for increased costs since August, 1950 as a result of the delay which he claims had been caused by the government. Is that correct General Young?

The WITNESS: Yes, Mr. Chairman.

Mr. WINCH: Could we ask what the reason was for the delay?

Mr. WALKER: Yes, quite so.

By Mr. Winch:

Q. This is a logical time to ask what the reason was for the delay?—A. Mr. Gardner might answer that question.

Mr. GARDNER: In the main, the delay was caused by getting revised figures from the contractor and obtaining the authority of the treasury board.

Mr. PICKERSGILL: Mr. Chairman, could I ask a question here?

The CHAIRMAN: Yes.

By Mr. Pickersgill:

Q. These contracts did not go to the treasury board, as you will recall, until 1952. That was some time shortly after I became secretary to the cabinet. Up until that time all contracts, from confederation, as I understand it until that time, went directly to the cabinet. There was no treasury board control. So that any delay there was would have been a delay in the cabinet, and I do not think there ever was much delay there.

I would like to know—A. There is nothing on file, Mr. Chairman, in that regard. There is only a reference to the time of delay.

Mr. WALKER: Could my friend deal with this subject later? We are going to miss the sequence here if we get off the track. If you do not mind, Mr. Pickersgill, could you deal with that later? I am going to stop early so that you can ask a lot of questions.

By Mr. Walker:

Q. October 15, 1951 in regard to item B, he has added on provincial sales tax, additional material, \$123. Then in regard to item 11; insurance and wages covering workmen's compensation commission; public liability; property damage; unemployment insurance; joint committee and vacation with pay, \$760. Is that usual, General Young?—A. This is usual when the Department of Public Works delays a contractor.

Q. Yes?—A. If we let a contract and the contractor starts to work and we stop him then it is not unusual for him to put in a claim covering increments of cost during that period in which he was delayed.

Q. Let me put in this way, then; are these all penalties that the government had to pay for the delay which Torelli claimed took place?—A. That is correct.

Q. Would you be good enough to consider with me the last item, item (E) on submission of the extras? Still on the extras, Mr. Pickersgill, item (E):

Consideration must also be given to the fact that this Ramp Section will be done during the coming winter.

This is dated October 15.

We believe it would be just and fair to ask for the extra cost as follows:

1. Heating, protection, ice and snow removal \$4,875.00

Q. Is that another penalty the government is asked to pay?—A. Yes, Mr. Chairman. This is something the contractor felt he had been delayed with. Now, instead of being able to do the work in the summer time he is obliged to do it in the winter.

Q. So that these items which I have enumerated are all penalties for which the government was responsible, according to Torelli?—A. That is correct.

Q. But Mr. Gardner made a statement a moment ago that it was Torelli himself who was responsible for the delay, is that correct?—A. I do not think Mr. Gardner said that.

Mr. WALKER: Was the government responsible for the delay, Mr. Gardner?

Mr. GARDNER: I believe so.

Mr. WALKER: Yes. Well then, was this a justified penalty that the government had to pay under the circumstances?

The CHAIRMAN: The word should be "department".

Mr. WALKER: The department, yes. We will omit the Liberal government and say "department". All right, thank you, that was inadvertent.

Mr. PICKERSGILL: Would Mr. Walker permit one question for clarification?

Mr. WALKER: Certainly.

Mr. PICKERSGILL: What we are talking about is a negotiation in regard to some extra work for which there was no contract. In other words, it would appear that the contractor was asked to go ahead and complete these reinforced concrete ramps and he made some kind of an estimate of what it would cost to do that. Then it took quite some time before the department was able to reach a conclusion as to whether they were going to let him do it and pay him for it. This is a matter of negotiation. This is not something being added to the contract. This is just considerable negotiation.

By the time the man got ready to do it he had reached the conclusion that he would not do it for less than this amount.

Mr. WALKER: Yes.

By Mr. Pickersgill:

Q. Is that a correct statement?—A. Yes, but it was an addition. This was not included in the main contract.

Q. The department was not adding anything at all to the main contract in respect to any delay in the performance of the main contract?—A. This extra was being added to the main contract.

Q. But not in respect to the main contract?

By Mr. Walker:

Q. You are quite right; this is item (A), an addition of \$249,000; and in connection with this addition of a quarter of a million dollars with all these fancy extras added on, were there no tenders, no other tenders?—A. No.

Q. Were any comparative prices ever obtained?—A. No, except that the official, Mr. Cormier, certified that he considered the prices to be fair.

By the Chairman:

Q. Were these extras necessary or not?—A. They were necessary.

By Mr. Walker:

Q. Now, with respect to item (B), I would appreciate it, so that we will not get off the track—I shall give you lots of time for questioning later on—the addition of \$51,290 is well known; were there any tenders called for that?—A. No.

Q. Or any comparative prices?—A. No.

By Mr. Pickersgill:

Q. Could we have the date again, please?—A. December 10, 1951.

Q. Was that when the additions first started?—A. That is when the price was submitted by the contractor.

Mr. McGREGOR: I have a question on (A).

The CHAIRMAN: This is very pertinent, Mr. McGregor. We are trying to give them in sequence.

By Mr. McGregor:

Q. These extras which amounted to \$249,000 were they built for the convenience of the contractor?—A. No. The main ramps were for trucks to bring in heavy material.

Q. They are still there?—A. Yes, they are still there.

Q. But they were not included in the original contract?—A. That is right; they were not included in the original contract.

By Mr. Bourget:

Q. Were all these three additions submitted to the estimates branch of the department?

Mr. WALKER: Was there an estimates branch in the department at that time?

The WITNESS: Yes, there was an estimates section.

By Mr. McGregor:

Q. Have you got the unit price of that item (A)? Or if you have not got it now, could you get it for us at the next meeting?—A. Somewhere on the former contract, the unit prices concerned concrete, class A, 3,000 pounds in place, 4,865 cubic yards at \$11.50; that was the unit price in the main contract.

The others were forms in place, 143,556 square feet at 40 cents per square foot, \$57,422.

Reinforcing steel in place, 595,557 pounds at 10 cents a pound, \$59,555.

Back fill, 1,900 cubic yards at \$1.50, \$2,850.

Q. Was that for granular back fill?—A. Yes, it was for granular back fill.

Q. That is very good.

The CHAIRMAN: Shall we continue?

By Mr. Walker:

Q. Item (B), miscellaneous items, \$51,290.

Would you please tell us briefly what that is for? But before doing so—I have already asked you this question—there were no tenders and no comparative prices?—A. That is correct. This is the one I read out before; it comes to \$51,000.

Q. Item (C), for steel dowels. Has there been anything added there? There were no tenders and no comparative prices?—A. That resulted from the change from steel to concrete on the third floor, and there were no competitive prices.

Q. Coming now to contract 5—

By Mr. Bourget:

Q. Before leaving contract 4, Mr. Walker asked if tenders were asked for in connection with the additions of \$249,000 and \$51,000, and you said it was the practice at the time not to ask for tenders but rather to negotiate with the contractor.

Is it not even today the policy of the department to negotiate and not to ask for new tenders in a case like this?—A. On extensions, yes; but we endeavour to have these things included in the main contract.

Q. When additions are made, is it not today the policy of the department to negotiate?—A. When extras are needed, we do negotiate.

By the Chairman:

Q. You do so because it is more reasonable, since the contractor is on the job and is in the best position to do it.—A. Yes.

By Mr. Walker:

Q. These reinforced concrete ramps for the loading platforms could very readily have been put in by somebody else, could they not?—A. I do not think so. But they should have been included in the main contract.

Mr. CAMPBELL (*Stormont*): In my opinion an entrance ramp is just as essential to a building as a roof. Why were they not included in the main specifications?

The CHAIRMAN: In due course we shall have the architect here. He will be the best witness.

Mr. GARDNER: The information in regard to loading boxes and equipment used for the press, or for levelling in the ramps was not available at the time in detail, and consequently it could not be put in the plans.

Mr. CAMPBELL (*Stormont*): If a ramp was required, could not something approximate be put in the plans and taken into account in the original tendering? A ramp is just as essential as a roof, and it must have been just as obvious that it would have to be built.

Mr. GARDNER: That is true, but the exact detail of the equipment was lacking,

Mr. CAMPBELL (*Stormont*): The exact details of any structure are never present in the initial stages.

Mr. GARDNER: If you have the complete and settled plans figured out before you do any building at all, then you have all the details.

By Mr. Walker:

Q. Is it not true that the sole reason why this thing has been bedeviled is that the plans and specifications were never complete for the next stage of the work?—A. That is so.

Q. And therefore you were bound to ask for only partial tenders because you could not go ahead of Mr. Cormier since you did not have the complete plans and specifications.—A. That is correct.

Q. So all you could get comparative tenders for were the plans and specifications that you had.—A. That is right.

Q. Now, coming to contract 5—

By Mr. Bourget:

Q. Just following the question asked by Mr. Walker, is it not a fact that this was a special building and no other printing bureau had been built in Canada before that time, and therefore there was a lack of experience in connection with the whole matter; and also there was the fact that the delay was due probably to the fact that the architect at the time did not have all the data?

Mr. WALKER: We are coming back to all this later on.

The CHAIRMAN: We are getting into the realm of opinions and not facts.

Mr. BOURGET: You have asked a question and surely we are entitled to ask our questions as well.

Mr. WALKER: I am delighted to have you ask questions.

Mr. WRATTEN: So are some of the rest of us. He is asking a leading question.

The CHAIRMAN: All right, gentlemen, please come to order.

Mr. WALKER: I agree with you, that you are entitled to ask questions, but I wonder if I should not first complete contracts 5 and 6 and then the matter might be opened up for all sorts of general questions.

Mr. PICKERSGILL: I object. I think we should complete the questioning with respect to contract 4. I think that would be a lot more orderly. I think we should ask our questions while we have the facts fresh in our minds, because contract 5 deals with a different structure, a whole new set of facts. There are several of us who would like to ask some additional questions about contract 4.

The CHAIRMAN: I suggest that we proceed and let Mr. Walker finish with contract 4.

Mr. WALKER: I have finished with contract 4, Mr. Chairman.

The CHAIRMAN: All right.

By Mr. Pickersgill:

Q. I just have one question. It is the only question. I will put it in the form of an assertion and ask the deputy minister if I am stating the facts correctly or not. Is he prepared to agree that what happened overall in contract number 4 was this, that the government let a contract for \$7,777,000 to complete the structure, that very extensive additions were made to it which cost some \$300,000—I am leaving out the odd amounts. In spite of those very substantial additions, the whole thing and all this \$300,000 in the way of additions was done for the price that the Foundation Company was willing to do the original contract for, and it appears in all the circumstances, judging from the bids, a pretty good deal. Would the deputy minister not think this was a reasonable statement of fact?—A. It is reasonable, Mr. Chairman, but I think one cannot always be sure that the estimate of the consulting architect is going to be an accurate one.

Q. Oh, quite right.—A. We have had the odd building here in Ottawa recently where the tenders came in nearly \$1 million less on a \$7 million or \$8 million job. It is based on the competition at the time. There are various things go into it.

Q. I was not referring to the architect's estimate. I was referring to the bids you had, and the Foundation Company, which is a very reputable contractor as everyone knows, would have done this work for close to the total cost of this structure with \$300,000 worth of extras added to it.

Mr. WINCH: Is it fair to figure in those costs, extras and additions? They are extra to the contract.

By Mr. Pickersgill:

Q. I will put a question. Is it true that the Foundation Company bid on the same specifications as the contractor who was successful?—A. That is correct.

Q. And therefore the Foundation Company, if they had got the contract, or anyone else, would have had to do the extras anyway?—A. That is correct.

Q. So it would appear, therefore, that the whole job was done with the \$300,000 in the way of extras for the price the Foundation Company was willing to do the original structure for? That is the point I want to make.

By Mr. Bell (Carleton):

Q. Pursuing that point, General Young, you would not say that the test of the reasonableness of the contract was what could be done at the highest tender price?—A. That is also correct.

By Mr. Walker:

Q. Contract number 5—concrete frame of power house and garage structure. The tenders were called on December 12, 1950, and received on January 30, 1951, and again the Concrete Construction Limited had the lowest tender \$822,185. Is that correct?—A. That is correct, Mr. Chairman.

Q. That is \$12,000 less than the Donolo tender, and \$30,000 less than the Tower Company Limited of Montreal. Now, that is pretty close, is it not? The final cost, however, of this contract, was \$847,231.25.

Now, dealing with the contract itself, may I refer you to the order in council to show how the prices are going up. On this bid, the last bid in

November 1951, by Concrete Construction Limited, the concrete class A would be \$11.50. In this contract it is what?—A. \$17.

Q. That is class B. Class A was what?—A. Class A was \$18.50.

Q. So that the cost of concrete has jumped from \$11.50 to \$18.50 in a matter of three months?

Mr. BOURGET: But there is a reason for that.

The CHAIRMAN: What is the reason?

By Mr. Walker:

Q. The backfilling had been \$1.50 two months ago. Now it is \$2.50.

By the Chairman:

Q. General Young, how do you explain those increases?—A. All three contractors increased their unit prices.

Mr. BOURGET: Was it not a question, Mr. Chairman, also of forms? There were also more forms than the concrete estimate. It is not mass concrete.

Mr. WALKER: The cost of concrete went from 40 cents to 65 cents, and cake was 30 cents. The ends were 70 cents from Donolo, and 72 cents from Tower.

By the Chairman:

Q. What was the reason for the increase?—A. Labour and material was one of the chief reasons.

By Mr. Winch:

Q. In three months it went up \$7 on labour and material costs?—A. Yes, the index was about 8 per cent.

Mr. BOURGET: Mr. Chairman, at that time I think the department had specifications about the cost and price that were submitted for concrete. Mr. Kemp was in charge of the section at the time. Have you figures to give to the committee so as to show the prices asked were always normal with other contractors, and prices asked at the same time. Is that right, Mr. Kemp?

Mr. KEMP: We can find that out.

The CHAIRMAN: Mr. Kemp, will you produce those figures at the next meeting, or can you do it now?

Mr. KEMP: No, I can not do it now.

Mr. WRATTEN: It is \$11.50 a cubic yard and \$18.50 including cribbing or just cement.

Mr. KEMP: Just the concrete.

Mr. WRATTEN: That is the point I want to bring out.

Mr. BOURGET: I did not understand your question.

Mr. WRATTEN: I am asking if the \$11.50 includes cribbing and forms, or just cement, and he informs me it is just cement, so I presume the \$18.50 is the same?

Mr. KEMP: Yes.

By Mr. Walker:

Q. Which is a 70 per cent increase in the cost of cement?—A. That is right, it is cement brought in by big mixers, and it went up.

Mr. BOURGET: But I think the information from Mr. Kemp will probably show that is the normal price for that period.

Mr. BELL (Carleton): Those are things we can find out.

Mr. WALKER: Mr. Chairman, I am not making any observations; I am trying to deal with the facts. There was an increase of 70 per cent in the price of cement in a period of three months.

The CHAIRMAN: You go ahead.

By Mr. Walker:

Q. Dealing with this item (a), \$25,000 was added of a miscellaneous nature, mainly in concrete finish throughout the structure. Now, General Young, concrete finish throughout the structure—what does that mean? That is at the bottom of contract 5?—A. This was a finish on the concrete, Mr. Chairman, which had been left exposed.

Q. Would that not have been included in the original contract?—A. I personally think it should have been.

Q. Well, how could it have been left out, and was it left out?—A. Mr. Gardner might make a comment.

Mr. WINCH: It is not a grout-finished structure?

Mr. GARDNER: I can only answer your question with a presumption. The architect making the draft plan when he was producing his design for a concrete frame might have had in mind one kind of finish, and then changed it.

Mr. WINCH: He may have intended to use stucco instead of grout?

Mr. GARDNER: I believe he was going to finish the building with brick inside.

Mr. FRASER: Could that not be checked in the specifications?

By Mr. Campbell (Stormont):

Q. Would there not be alternative prices?—A. In current practice it would be one of the specifications.

By Mr. Fraser:

Q. Could that be checked to see if it was?—A. It was not in the specifications.

By Mr. Walker:

Q. I see a memorandum of the deputy minister recommending a price of \$31,000 for this increase. This was one of the items:

On the above items the increased cost since August 1950 to date, according to Dominion Bureau of Statistics, average 15 per cent.

So he adds on an additional \$4,087.46 and the legal officer steps in and points out in a memorandum dated February 28, 1953:

With reference to your memorandum of the fourth instant, relative to the additional expenditure of \$29,133.71 on the contract of Concrete Construction Limited... I note in the list of additional work the following items.

And he again quotes the item is an average increase in the cost of 15 per cent:

The contract in this respect is a firm price contract. I do not quite understand how the 15 per cent increase enters into the matter. I am certain treasury board will require full details on this point.

As a result of the legal officer stepping in here that charge of \$4,087.46 was deleted?—A. Yes.

Q. If the \$4,087.46 was deleted in February, 1953, why was not the \$22,000 deleted in the previous contract in connection with contract No. 4? It should have been; should it not?

Mr. GARDNER: I cannot answer your question yes or no.

Mr. WALKER: Why not?

Mr. GARDNER: I felt at the time when the other contract was allowed it was correct, and I still do.

Mr. WALKER: It was the same kind of contract as this; was it not?

The CHAIRMAN: He has answered. He felt it was correct and allowed it.

Mr. WALKER: You felt it was correct but you did not have any legal opinion at that time?

Mr. GARDNER: No.

Mr. WALKER: If you had had the legal opinion which was obtained on February 28, 1953, that item of \$3,000 for increased cost would not have been allowed?

Mr. GARDNER: It might not have been allowed.

Mr. WALKER: Did you say "might not"?

Mr. GARDNER: It might not.

Mr. WALKER: If the legal opinion was correct in 1953 it would also have been correct in 1952 and you would have disallowed it?

Mr. CRESTOHL: That does not follow.

The CHAIRMAN: Let the witness answer.

Mr. GARDNER: If the circumstances are the same you are correct.

Mr. WALKER: Can you differentiate in any way between the original contract to which I referred and this one.

Mr. GARDNER: Yes. I think the work was of a different nature.

Mr. WALKER: Does that affect the contract? Would you like to have time to look that up.

Mr. GARDNER: Yes.

Mr. WALKER: Because I am suggesting to you—

Mr. BOURGET: May I ask—

Mr. WALKER: You were not the chief architect?

Mr. GARDNER: At that time; yes, I was.

Mr. BOURGET: May I ask from what is Mr. Walker reading?

Mr. WALKER: Copies of the extracts from the minutes of the treasury board which includes the legal officer's opinion on this very matter.

The CHAIRMAN: Is it legal or is it the treasury board?

Mr. BOURGET: Could we have a copy of those, to have a look at them? I think the members of the committee should be entitled to have the same information.

Mr. WALKER: I would be delighted to let you have it.

Mr. BOURGET: I think the members of the committee should also have it.

Mr. WALKER: Could you come back to that, if there is anything you have to add?

Mr. BOURGET: Not now. It is new to me.

The CHAIRMAN: Perhaps Mr. Walker might lend you those papers after the meeting is over.

Mr. WALKER: May I pass on to contract No. 6?

Mr. BOURGET: I move that the members of the committee be supplied with the information from which Mr. Walker is reading.

Mr. CRESTOHL: I will second that motion.

Mr. BOURGET: We come here as members of this committee and do not have the information. Mr. Walker has all the information. I think it is only fair that we be supplied with the same information.

The CHAIRMAN: If the committee so orders we can have copies made.

By Mr. Bell (Carleton):

Q. Is it feasible?—A. They are pretty bulky, but we could produce five or six copies.

Mr. PICKERSGILL: Was the production of these documents ordered by the committee?

The CHAIRMAN: No.

Mr. PICKERSGILL: How did they get in Mr. Walker's hands?

The CHAIRMAN: They were produced by the department.

Mr. PICKERSGILL: To Mr. Walker and not to the committee.

Mr. BOURGET: Produced by the order of the committee or by the house?

Mr. CATHERS: On the request of the steering committee.

Mr. WALKER: Mr. Winch made the suggestion it should be done.

The CHAIRMAN: To settle the matter, I believe it has been agreed that five copies can be made which will be produced and distributed in the relative proportions.

Mr. WINCH: This is a logical procedure, especially in a committee of this nature. You have to have some study made to find out what documents are available. The steering committee asked that these documents be studied and brought before the committee. That is what is being done. It is a normal procedure and it speeds up our work.

The CHAIRMAN: At the next meeting we will produce a minimum of five copies.

Mr. WALKER: I think it was Mr. Winch who imposed this task on me.

Mr. WINCH: I did not want to do it.

Mr. WALKER: I would be delighted to change jobs with anybody.

Mr. PICKERSGILL: I think Mr. Bourget would be glad to take it on.

By Mr. Walker:

Q. Referring to contract No. 6 at the top of page 4, the big contract to complete the building, I see that Concrete Construction Limited bid \$18 less than \$8 million; that was carefully figured out?—A. Correct.

Q. And the highest bid, by George Hardy, of Toronto, was \$8,622,030. Anglin Norcross, \$8,440,000 and Foundation Company of Canada, \$8,505,000. Would you be good enough to differentiate between the two figures given in each case, general?—A. One, as it states here—you mean alternative prices?

Q. Yes?—A. One was using granite on the exterior walls and the other was an alternative bid using limestone. It was to see which would be the cheaper.

Q. And what was finally used?—A. Granite was finally used.

Q. Now, in connection with this contract, would you tell us what this all included? Would you just briefly outline?—A. Well, it was the main structure of the building, the finishing of both buildings, roof work and grading. There is a whole page on the items. However, it was the completion of the main structure.

Q. The tender calls went out on September 17 and were received on October 29; is that correct?—A. That is correct.

Mr. WALKER: Now may I ask Mr. Gardner some questions. Mr. Gardner, could I refer you to your letter of September 12, 1952?

Mr. GARDNER: Yes.

Mr. WALKER: Addressed to the deputy minister,
The architect on the above work—

this is in anticipation of calling for tenders?

Mr. GARDNER: Yes.

Mr. WALKER: You were ready to call for tenders, were you?

Mr. GARDNER: Yes.

Mr. WALKER: And time was of the essence.

Mr. GARDNER: That is right.

Mr. WALKER: Now you read the long letter to the deputy minister of September 12, 1952, part of which I will read:

The architect on the above work, Mr. Ernest Cormier of Montreal,
has submitted plans and specifications for the above-named work.

That is the completion of the structure.

Mr. GARDNER: Yes.

Mr. WALKER:

These plans have been studied and a listing of items which require discussion and possible change has been sent on September 9th to Mr. Cormier. He is expected to be in Ottawa for discussion of the items on Tuesday, the 16 of this month.

There are certain items in the listing which has been sent to Mr. Cormier which will need departmental approval if they are to remain in the plans and specifications. These are, in part:

1. The use of granite stone finish on the office section at the front of the printing bureau, and on heating plant building which is at the rear of the bureau building. The decision in this regard is as to whether the expense of a granite on the heating plant section is justified.

Why did you say that?

Mr. GARDNER: At the time the question was raised as to whether it was necessary to finish the heating plant, which is behind the main structure, in the same manner as the front portion of the main structure is finished.

Mr. WALKER: Is it much more expensive?

Mr. GARDNER: Granite is more expensive.

Mr. WALKER: And was it finally used?

Mr. GARDNER: It was.

Mr. WALKER: Throughout?

Mr. GARDNER: Yes.

The CHAIRMAN: Mr. Walker, could you give it the right reference?

Mr. WALKER: Yes, item 1 in the letter of September 12, 1952, the letter of Mr. Gardner to the deputy minister. Who was the deputy minister at the time?

Mr. GARDNER: Mr. Murphy.

Mr. WALKER: Who was the minister?

Mr. GARDNER: Mr. Fournier.

Mr. WALKER: The Honourable Mr. Fournier?

Mr. GARDNER: Yes.

Mr. WALKER: Item 2, your second objection.

2. The architect has specified the use of Indiana stone, polished as a wall finish and for interior main stairs in the very large public hall in the office section of the building. This stone is only procurable from American quarries. The decision in this regard is whether the American product should be allowed, and whether this type of finish is justified in the printing bureau building.

Is that expensive?

Mr. GARDNER: Indiana stone in itself is not an expensive finish; it was a question of the American material.

Mr. WALKER: What was finally used?

Mr. GARDNER: The American material.

Mr. WALKER: Item 3.

3. The specifications call for a glazed tile finish in the corridor leading to the senior executive business offices. This material is only procurable in the U.S.A. It is considered more expensive than is necessary in such a corridor.

Was glazed material used?

Mr. GARDNER: It was.

Mr. WALKER: Item 4.

4. The specifications call for the use of 'foamglass' insulation in the walls and on the roofs of the building. This product which is a comparatively new one is only manufactured in the United States of America. Many other forms of insulation are available, such as wood fibre products, spun glass, etc., all of which are made in Canada. The decision required is whether this outright specification of 'foamglass' should be allowed to stand. The architect has stated that he will not use wood fibre insulation in the building.

What was finally used?

Mr. GARDNER: The foamglass insulation.

Mr. WALKER: So you were overcome on that too, were you?

Mr. GARDNER: Yes.

Mr. WALKER: Item 5.

5. The offices of the Queen's Printer and his senior officials, their secretaries, and the conference room, are all panelled in quarter cut white oak. Such finishing of general offices is considered a very expensive one and is not justified.

Was that your opinion?

Mr. GARDNER: That was my opinion.

Mr. WALKER: How were the offices of the Queen's Printer finally finished?

Mr. GARDNER: They were finished in oak panelling but cut down as far as the cost was concerned by a reduction in the materials used.

Mr. WALKER: Was there any quarter-cut white oak used?

Mr. GARDNER: It was, as a veneer.

Mr. WALKER: Item 6.

6. There are numerous other items of the same type where more expensive finishes are specified than appear justified. The opinion of this office is that they should be made to conform to our general practices as carried out in other government office buildings.

Did you ever have in any of the government buildings up to that time any of these expensive items?

Mr. GARDNER: I would say some of them had been used, yes.

Mr. WALKER: Was it generally?

Mr. GARDNER: Not generally.

Mr. WALKER: Next at the top of page 2—

The CHAIRMAN: That would depend on the purposes of the building.

Mr. GARDNER: Precisely.

Mr. WALKER: Would there be in a printing press necessity to have these expensive items?

Mr. GARDNER: They were under consideration in the offices section; they were not for the printing press section or the mechanical part of the building.

Mr. WALKER:

The supervising mechanical engineer and the supervising electrical engineer have both studied the plans, and in each case have reported that they are not satisfied with the state of completion of the drawings. This is dated September 12th. The tenders went out on September 17th. The tenders were called.

Mr. GARDNER: Yes.

Mr. WALKER: And did the tender calls go out in spite of the mechanical engineer and the supervising electrical engineer pointing out that they were not satisfied with the state of completion of the drawings?

Mr. GARDNER: Their statement at that time is correct, and they did go out.

Mr. WALKER: It went out in spite of their objection?

Mr. GARDNER: That is right.

Mr. WALKER: Now here they have drawn attention to the following:

(a) The air-conditioning installation is of a similar type to that which was installed in the supreme court building. Trouble has been experienced with this installation since it was put in operation. The senior mechanical engineer has recommended that some other type of installation be made in the printing bureau.

Mr. PICKERSGILL: Mr. Walker, from what document are you reading?

Mr. WALKER: Yes, it is Mr. Gardner's report. Excuse me, I should have pointed that out—the top of page 2.

The CHAIRMAN: This is the same letter?

By Mr. Walker:

Q. This is the same letter, yes.

These are the objections now of the mechanical engineer and the electrical engineer pointing out that Mr. Cormier proposed an air conditioning installation such as is in the supreme court building. May I ask you, General Young, who built the supreme court building?—A. Mr. Cormier was the consultant architect.

Q. Yes. What is one of the chief objections to the supreme court building even up to the present time?—A. I think there are perhaps three. One objection is the air conditioning.

Q. What is the matter with the air conditioning?—A. It is still unsatisfactory. It is inefficient.

Q. Why?—A. I think it is because it was not designed very well.

Q. Yes.—A. The distribution particularly is bad.

Q. Why?—A. Lack of proper design and proper equipment.

By The Chairman:

Q. May I ask if you have gone into that matter personally?—A. Yes, I have.

By Mr. Walker:

Q. It was completed in 1940, was it not?—A. I think it was completed in 1939.

By Mr. Bourget:

Q. Mr. Chairman, General Young has said there was a faulty design. Who has made an inspection of that particular system of air conditioning? Is there an outside consulting engineer specializing in air conditioning who has made an inspection?—A. I will have to look that up. Mr. Cormier was responsible and he had his own engineers and architect. He is, of course, an engineer himself.

Q. Yes, but you have just said that it was faulty design?—A. Yes, it was, in my opinion.

Q. Is there any proof of that? Was there an inspection made by a consulting engineer who specializes in air conditioning?—A. Not to my knowledge.

Q. Then how can you say that there was a faulty design?—A. Because the results are unsatisfactory.

Q. You say because of the complaints you have received?—A. From the continuous complaints.

Q. The complaints are not sustained by report of any specialist or consulting engineer?—A. By our own engineers they have been sustained.

Who is your own engineer?—A. You want the names of them?

Q. Yes, the names of your own engineers?—A. Mr. Wild is one. He is the senior mechanical engineer.

Q. Is he an engineer of the Department of Public Works?—A. Yes.

Q. Is he a specialist in air conditioning?—A. That is right.

Q. Has he made special studies?

Mr. WALKER: Oh, no.

By Mr. Bourget:

Q. Well let's find out. You have been asking the questions all the time. Surely we are entitled to know if the man who has made the report is qualified to make a report in criticism?

Mr. CAMPBELL (*Stormont*): If the thing does not function properly at all, then it is obvious.

Mr. BOURGET: It may not function because some gadget is not adjusted well. I do not know, I am not a specialist. Who is a specialist in this committee who can criticize a system that has been installed? Who is the specialist in this committee who has that knowledge? Not one of us; so we must rely on someone who knows something about this.

Mr. SMITH (*Simcoe North*): I think members should confine themselves to the issue. We would get along much better without interpretative statements. What we have heard is not a statement at all.

The CHAIRMAN: You are quite right, but it is a very hot day.

The question is, was the air conditioning design approved by your engineer?

Mr. WALKER: Item (b); the senior electrical engineer—this is the next item—has stated—

By Mr. Crestohl:

Q. Would you hold that for a moment? General Young, you know Mr. Cormier?—A. Yes.

Q. He is a very eminent man in his field?—A. He is eminent, Yes.

Q. He is perhaps considered one of the very best in the whole country?—A. Well, that would have to be qualified.

Q. Just a moment. He is considered to be well qualified among the designers and architects?—A. It is perhaps not in order for an engineer to comment on an architect.

The CHAIRMAN: What is your question, Mr. Crestohl?

By Mr. Crestohl:

Q. You said there was a faulty design. Is that your personal opinion?—A. Yes, this is my personal opinion.

Q. It is purely your personal opinion?

Mr. WALKER: Everybody in Ottawa knows of the situation in the Supreme Court building.

Mr. CRESTOHL: But perhaps not everybody knows that this is because of faulty design. There may be several other reasons for this.

By Mr. Walker:

Q. If he wants to know, tell us the other major defects in the supreme court building?—A. The other defects apart from the air conditioning are; the functional layout. It is inconvenient for judges; their access to robing rooms upstairs is inconvenient. It is very cumbersome to get books from the library. Functionally I would say it is very bad.

Q. What about the lighting?—A. The third objection is the lighting.

Q. What have you to say about that?—A. We have tried to improve the lighting.

Mr. PICKERSGILL: On a point of order, Mr. Chairman. I understood that we were conducting an inquiry into the printing bureau.

Mr. WALKER: You brought this up.

Mr. PICKERSGILL: It would appear that the line of questioning Mr. Walker is now indulging in—

Mr. WALKER: Quite right, Mr. Pickersgill.

Mr. PICKERSGILL: —is not really relevant to what he told us he was going to do. He was going to bring out the facts of this matter.

Mr. SMITH (*Simcoe North*): Mr. Crestohl brought this out.

The CHAIRMAN: I have allowed considerable leeway here because eventually we hope Mr. Cormier will be here. This matter is bound to come up and he is the best man to deal with it. However, let us get back to our consideration of the printing bureau.

Mr. PICKERSGILL: That is the point I was coming to. It does not appear to be very useful to ask somebody else about this.

Mr. WALKER: I agree with you, Mr. Pickersgill. Item (b): "The senior electrical engineer has stated that the electrical drawings are not finished to a point which would allow the contractors to figure the work accurately." You wrote this five days before tenders were called for?

Mr. GARDNER: That is right.

Mr. WALKER: But tenders were called for anyway?

Mr. GARDNER: That is right.

Mr. WALKER: In spite of the fact that the drawings were not complete?

Mr. GARDNER: Yes.

Mr. WALKER:

Further, that the very large and expensive elevator installation should be reduced in so far as the number of cars and hoistways are concerned. He recommends that the shaftways only be built and that the demands of the bureau, once it is in operation, indicate the total number of cars which should be installed. His recommendation is that approximately one-half of the main freight elevators be left out of the building for the time being, and that certain of the smaller cars be deducted.

Was that your objection at the time?

Mr. GARDNER: This was the electrical engineer's objection.

Mr. WALKER: Yes. How many elevators were installed altogether?

Mr. GARDNER: From memory I cannot say at the moment.

Mr. WALKER: Were they all installed?

Mr. GARDNER: They were installed according to the plans.

Mr. WALKER: They were installed in accordance with the plans in spite of this objection.

It is pointed out that although the architect has had this work in hand for considerable time, it is only now that a more or less complete set of plans and specifications has been presented to this office.

How long was that "considerable time?"

Mr. GARDNER: It was arranged in May, 1948

Mr. WALKER: This letter is written on September 12, 1952.

—it is only now that a more or less complete set of plans and specifications has been presented to this office.

Is that correct?

Mr. GARDNER: That is correct.

Mr. WALKER: You received them, yet these plans and specifications are subject to that shortcoming set out in your letter, in your opinion?

Mr. GARDNER: That was my opinion.

Mr. WALKER: Yes. In other words the plans and specifications for the final building were not complete as of September 12, 1952?

Mr. GARDNER: That is right.

Mr. WALKER: Right.

To continue with your letter;

While it is appreciated that the department should advertise for public tenders in the immediate future so that the successful tenderer will have time to place his sub-contracts for materials which will be needed for the masonry trades and others, so as not to delay in carrying out the work when the present contractor is through his contract. However, in view of the reports of the mechanical engineer and the electrical engineer it is considered that further plans and specifications will be required before tenders could be called.

Were further plans and specifications obtained or not?

Mr. GARDNER: No.

Mr. WALKER:

To overcome this delay it is proposed to call for public tenders on those portions of the work on which there is no divergence of opinion between the architect and this office, requiring the successful contractor to include in his tender the fee for the supervision and correlation of the plumbing, heating, ventilation and electrical trades. These trades will

be called for tender as soon as the architect has satisfied this office as to his design and detail of drawings and specifications.

That was not carried out? The original plans and specifications that you are objecting to were submitted when you called tenders; correct?

Mr. GARDNER: Yes.

Mr. WALKER: Yes. "May I have your instructions in this matter, please." You received instructions from the deputy minister who, at the time was Mr. Murphy?

Mr. GARDNER: Yes.

Mr. WALKER: Did you receive instructions from Mr. Fournier, the minister?

Mr. GARDNER: I received no instructions from Mr. Fournier.

Mr. WALKER: You got your instructions from the deputy minister?

Mr. GARDNER: I would normally receive them from him.

Mr. WALKER: Yes. As a result of that public tenders were called for. Do you know the reason for the great rush to get out the contract for this final building in September, 1952?

Mr. PICKERSGILL: I wonder, Mr. Chairman, if Mr. Walker, on reflection, thinks this is a proper question to ask of a member of the civil service?

Mr. WALKER: I was going to ask if it had anything to do with the forthcoming election which was rumoured?

Mr. PICKERSGILL: That is an attempt to drag civil servants into politics and it should not be allowed by the Chairman.

Mr. WALKER: May I now turn the questioning over to you, because that is the end of my questioning for today.

The CHAIRMAN: There are two items I wish to bring up. First is the visit this afternoon to the printing bureau. You are invited but we must know the number which will be going.

The second point is this: it has been suggested that we might have Mr. Cloutier at our next meeting. The reason is that he is going to Europe during the middle of neext week. It will be his first holiday in two years.

Mr. MURPHY: This is a good time for him to get away.

The CHAIRMAN: It might also give Mr. Young a chance to digest some of the evidence.

Mr. MURPHY: Is the former deputy minister of the department, Mr. E. P. Murphy, going away too?

The CHAIRMAN: What is your feeling about that?

Mr. WALKER: I am not finished with General Young yet.

The CHAIRMAN: General Young is here.

Mr. BELL (Carleton): On what date is Mr. Cloutier leaving?

The CHAIRMAN: He is leaving about next Wednesday, a week from tomorrow.

Mr. BELL (Carleton): I think we should refer this to the steering committee for consideration.

Mr. WALKER: There are a lot of questions which have been saved up, but I thought that before the House bells rang, I should stop the questioning.

The CHAIRMAN: Our next meeting is scheduled for Thursday morning. If the committee feels we should have more meetings, we can have more early morning meetings.

It has been suggested also that this room is too small. What about room 277?

Mr. PICKERSGILL: Room 277 is too large.

The CHAIRMAN: That is right.

Mr. BELL (*Carleton*): What about room 118?

The CHAIRMAN: We shall try to get it.

Mr. PICKERSGILL: Room 118 would be better.

The CHAIRMAN: We shall try to get room 118. It is three minutes to eleven.

May I suggest we adjourn?

Agreed.

Exhibit P-2

DEPARTMENT OF PUBLIC WORKS

RE: NATIONAL PRINTING BUREAU, HULL, P.Q.

CONTRACT NO. 1—EXCAVATION

Tenders called April 29, 1949.

Tenders received May 18, 1949.

9 tenders received:

A.	Miron & Freres, Montreal, P.Q.....	\$ 55,000.00
B.	Dibblee Construction Co. Ltd., Ottawa.....	59,175.00
C.	Robertson Construction & Engineering Co. Ltd., Niagara Falls, Ont.	61,517.00
D.	E.G.M. Cape & Co., Montreal, P.Q.....	88,863.00
E.	North Shore Construction Co. Ltd., Montreal, P.Q.....	91,600.00
F.	Vipond Construction Co. Ltd., Hull, P.Q.....	92,125.93
G.	J.E. Copeland Co. Ltd., Ottawa.....	106,263.00
H.	Ed. Brunet & Fils, Hull, P.Q.....	107,850.00
I.	Hull Construction & Paving Co. Ltd., Hull, P.Q.....	140,725.00

Contract awarded to Miron & Freres of Montreal at \$55,000.00.

Final cost of this contract was \$238,695.00.

Amount of contract..... \$ 55,000.00

Additions

(a) Fencing Site.....	\$ 8,000.00
(b) Additional Excavation.....	175,695.00
	183,695.00

	\$ 238,695.00

CONTRACT NO. 2—FOUNDATION—PIERS & FOOTINGS

Tenders called October 20, 1949.

Tenders received November 9, 1949.

5 tenders received:

A.	Concrete Construction Limited, Montreal, P.Q.....	\$ 154,000.00
B.	T. Fuller Construction Co. Ltd., Ottawa.....	205,000.00
C.	Miron Construction Ltd., Montreal, P.Q.....	209,980.00
D.	Anglin Norcross Limited, Montreal, P.Q.....	212,000.00
E.	Key Construction Limited, Montreal, P.Q.....	217,340.00

Contract awarded to Concrete Construction Limited of Montreal at \$154,000.00.
Final cost of this contract was \$241,989.27.

Amount of contract..... \$ 154,000.00

Additions

(a) Extra concrete, forms and reinforcing steel, due to extra depths of excavation to rock.....	87,989.27

	\$ 241,989.27

CONTRACT No. 3—SUPPLY ONLY OF DIESEL GENERATORS

Tenders called April 18, 1950.

Tenders received May 10, 1950.

7 tenders received:

A. Consolidated Engines & Machinery Co. Ltd., Montreal.....	\$ 70,737.00
B. General Supply Co. of Canada Limited, Ottawa.....	75,485.00
C. Brush (Canada) Ltd., Toronto.....	80,673.00
D. Laurie & Lamb, Ottawa.....	93,077.00
E. Vivian Engineering Limited, Vancouver.....	100,000.00
F. Dominion Engineering Co. Ltd., Montreal.....	124,098.00
G. Fairbanks-Morse Co. Ltd., Montreal.....	124,297.00

No tenders were accepted and new public tenders were called incorporating the new "Canadian Labour and Materials" clause in the specification.

New tenders called June 3, 1950.

New tenders received June 21, 1950.

6 tenders were received:

A. Consolidated Engines & Machinery Co. Ltd., Montreal Using Blackstone Engines with electrical equipment made in Canada.....	\$ 71,875.00
Using 100% United Kingdom materials.....	69,965.00
B. Brush (Canada) Ltd., Toronto Using Mirless Engines.....	70,000.00
C. General Supply Co. of Canada Ltd., Ottawa Using National Engines.....	77,113.00
D. Vivian Engines Works Limited, Vancouver Using Vivian Engines.....	84,875.00
E. Canadian Fairbanks-Morse Co. Ltd., Montreal Using Fairbanks-Morse Engines.....	106,004.00
F. Dominion Engineering Co. Ltd., Montreal Using Dominion Engines.....	124,098.00

The Architect in charge reported that it would be advantageous in case of emergency to have all the electrical equipment of Canadian make and that either the Blackstone Engine or the Mirless Engine would be satisfactory but to make a fair comparison of the lower two tenders, certain adjustments must be made on the prices submitted.

That the tender of Brush (Canada) Ltd., charges as extras, the following items for which provision is made in the tender of Consolidated Engines and Machinery Co. Ltd.:

Salary of erection supervising engineer.

Woodward governors instead of mirless type.

Spare parts for emergency use of first year working.

That these extras are estimated at \$3,588.00, and on equal basis, the tender of Brush (Canada) Limited would amount to \$73,588.00 (as compared to \$71,875.00 submitted by Consolidated Engines & Machinery Co. Ltd.)

Contract awarded to Consolidated Engines & Machinery Co. Ltd. at \$71,875.00.

Final cost of this contract was \$73,325.00

Amount of contract.....	\$ 71,875.00
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Additions

(a) Additional parts.....	1,450.00
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=====	\$ 73,325.00
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CONTRACT NO. 4—CONCRETE FRAME FOR MAIN BUILDING

Tenders called July 21, 1950.

Tenders received August 23, 1950.

3 tenders received:

A. Concrete Construction Limited, Montreal.....	\$ 1,771,219.00
B. E. G. M. Cape & Co., Montreal.....	1,890,805.00
C. Foundation Co. of Canada Ltd., Montreal.....	2,070,826.00

Contract awarded to Concrete Construction Limited at \$1,771,219.00.

Final cost of this contract was \$2,078,149.34.

Amount of contract.....	\$ 1,771,219.00
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Additions

(a) Reinforced concrete ramps and loading platform section at north of structure. This was not completed in detail at time of tender call due to lack of data and information. The work was, therefore, given as an extra.....	249,973.22
(b) Miscellaneous items of work, additional for surface finish.....	51,290.06
(c) Steel dowels, etc., on 3rd floor to provide for framing of the roof structure (originally in steel, now to be in concrete).....	5,667.06
	<u>\$ 2,078,149.34</u>

CONTRACT NO. 5—CONCRETE FRAME OF POWER HOUSE AND GARAGE STRUCTURE

Tenders called December 12, 1950.

Tenders received January 30, 1951.

3 tenders received:

A. Concrete Construction Limited, Montreal.....	\$ 822,185.00
B. Louis Donolo Incorporated, Montreal.....	834,200.00
C. Tower Co. Limited, Montreal.....	852,700.00

Contract awarded to Concrete Construction Limited, Montreal, at \$822,185.00.

Final cost of this contract was \$847,231.25.

Amount of contract.....	\$ 822,185.00
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Additions

(a) Items of miscellaneous work, mainly concrete finish throughout structure.....	25,046.25
	<u>\$ 847,231.25</u>

CONTRACT NO. 6—COMPLETION OF BUILDING

Tenders called September 17, 1952.

Tenders received October 29, 1952.

4 tenders received:

A. Concrete Construction Limited, Montreal Using granite on the exterior walls.....	\$ 7,999,982.00
Using limestone on the exterior walls.....	7,851,350.00
B. Anglin Norcross Quebec Ltd., Montreal Using granite on the exterior walls.....	8,440,000.00
Using limestone on the exterior walls.....	8,240,000.00
C. Foundation Co. of Canada, Montreal Using granite on the exterior walls.....	8,505,643.00
Using limestone on the exterior walls.....	8,311,438.00
D. George Hardy Limited, Toronto Using granite on the exterior walls.....	8,622,030.00
No submission for using limestone on the exterior walls.	

Contract awarded to Concrete Construction Limited at \$7,999,982.00, using granite on the exterior walls.

Final cost of this contract was \$8,693,623.70.

Amount of contract.....	\$ 7,999,982.00
<i>Additions</i>	
(a) Raceways in floor slabs in office areas for telephones, intercoms, buzzer systems and power for office appliances.....	34,344.00
(b) Cement finishing in certain areas, rubber base finish to marquise, change in lockers, base for compressors, insulation of rain water leaders, and miscellaneous items.....	86,333.38
(c) Installation of three diesel generator units, ventilation of underground garage, replacement of 24" sewer along Cartier Street with an 18" sewer.....	163,985.10
(d) Interior finish of water reservoirs with vinyl plastic.....	15,345.00
(e) Additional floor ducts, relocation of partitions.....	68,997.35
(f) Insulation of soil pipes.....	10,386.20
(g) Site development (work exterior to the building such as, roadways, walks, parking lot pavings, lighting of grounds, fencing, underground fire protection, general grading, etc.—This is on basis of 6 revisions to original submission.).....	285,794.22
(h) Adjustment of number of electric fixtures, installation of automatic fire detection system in basement areas and in stationary storage areas and roadways, changes in electrical power load distribution system to provide adequate power at load centres.....	89,137.24
(i) Miscellaneous items as alterations to telephone terminal boxes, aluminum doors in main lobby, 8" concrete drain on the east side of power house, information counter, additional fire protection, handrails to main stairs, additional cost of finishing hardware, supply of coat-of-arms, etc....	26,224.60
Sub-total.....	<u>\$ 8,780,529.09</u>

Deletions

(a) Changes in flooring in office areas from vinyl tile to linoleum.....	47,737.13
(b) Fire pump for underground system, including related electrical work and water meters..	27,344.35
(c) Differences in cost of 8 hot water storage tanks and miscellaneous other items.....	11,823.91

Deletions Sub-total..... \$ 86,905.39

TOTAL FOR CONTRACT..... \$ 8,693,623.70

RECAPITULATION

Contract No. 1—Excavation.....	\$ 238,695.50
Contract No. 2—Foundation—Piers and Footings.....	241,989.27
Contract No. 3—Diesel Generators.....	73,325.00
Contract No. 4—Concrete frame (Main Building).....	2,078,149.34
Contract No. 5—Concrete frame (Power House and Garage).....	847,231.25
Contract No. 6—Completion of Building.....	8,693,623.70
TOTAL.....	\$ 12,173,014.06

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament
1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

THURSDAY, AUGUST 14, 1958

WITNESSES:

Major General H. A. Young, Deputy Minister and Mr. E. A. Gardner,
Chief, Department of Public Works.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*),

and Messrs.

Allmark	(g) Doucett	Morton
Badanai	Drouin	Murphy
(a) Bell (<i>Carleton</i>)	Fraser	Nasserden
(b) Benidickson	Granger	Nugent
Bissonnette	Grenier	Pickersgill
Boulanger	Hales	Regier
Bourbonnais	Hanbidge	Small
Bourget	Hardie	Smith (<i>Simcoe North</i>)
(h) Broome	Horner (<i>Acadia</i>)	Smith (<i>Winnipeg North</i>)
Campbell (<i>Lambton-Kent</i>)	Keays	Spencer
Campbell (<i>Stormont</i>)	Lahaye	Stewart
Campeau	Macdonald (<i>Kings</i>)	Valade
(f) Carter	(d) Macnaughton	Villeneuve
Cathers	MacRae	(e) Walker
(i) Chevrier	Martel	Winch
Coates	McGee	Wratten
(c) Crestohl	McGregor	Yacula
Denis	McMillan	
	Morissette	

Antonio Plouffe,
Assistant Chief Clerk of Committees.

- (a) Replaced Mr. Campbell (*Lambton-Kent*) on July 8.
- (b) Replaced Mr. Boulanger on June 12.
- (c) Replaced Mr. Denis on July 31.
- (d) Replaced Mr. Crestohl on July 9.
- (e) Replaced Mr. Small on July 9.
- (f) Replaced Mr. Houck on August 6.
- (g) Replaced Mr. McCleave on August 12.
- (h) Replaced Mr. Morris on August 12.
- (i) Replaced Mr. Robichaud on August 13.

ORDER OF REFERENCE

WEDNESDAY, August 13, 1958.

Ordered,—That the name of Mr. Chevrier be substituted for that of Mr. Robichaud on the Standing Committee on Public Accounts.

Attest.

LEON J. RAYMOND,
Clerk of the House.

VISIT TO THE NATIONAL PRINTING BUREAU

As suggested and agreed in the course of the Committee's deliberations, a visit to the Public Printing and Stationery Bureau in Hull was made on Tuesday, August 12, from 2 to 5 o'clock.

Members present: Messrs. Bissonnette, Bell (*Carleton*), Bourget, Campbell, (*Stormont*), Cathers, Coates, Doucett, Fraser, Grenier, Hales, Macnaughton, MacRae, McGee, McGregor, Morissette, Nugent, Smith (*Simcoe North*), Spencer, Stewart, Villeneuve, Walker, Winch, and Wratten—(22).

Messrs. Roy McWilliam and Yvon R. Tassé joined the group.

The group was received on arrival by Mr. Edmond Cloutier, the Queen's Printer.

Arrangements were in charge of Mr. J. Lucien Harper, Departmental Secretary. Assisting during the tour were: Messrs. B. E. Rothwell, C. M. de Salaberry, C. B. Watt, J. A. Kiefl, J. P. O'Keefe and M. E. Campeau, heads of branches.

Transportation was provided by officials of the Bureau.

The visit included the various departments as outlined hereafter:

1st Floor—Outside Printing, Engineering and Personnel Offices—Stationery and Paper Stores—Carpentry and Machine Shops—Shipping and Receiving—Stereo—Locker and Shower Room—Purchasing Branch Offices—Staff Training—Cafeteria.

2nd Floor—Ruling, Embossing, Envelopes Section—Publications Stores to Book Bindery—Patent Printing—Xerox—Printing Stores—Financial Branch—Mechanical Accounts—Audio Room—Publications Library and Sales Counter.

3rd Floor—Planning—Composition—Pressroom—Bindery—Offset—Vari-type.

Basement—Bulk Paper and Stationery Stores—Garage.

At the conclusion of the tour, the Queen's Printer invited the members present to his office where he answered additional questions.

The Chairman expressed to Mr. Cloutier the Committee's appreciation for his courteous attendance and that of his officers and staff.

Representatives of the Press Gallery were present.

At 4.30 o'clock, the group returned to the Parliament Buildings.

MINUTES OF PROCEEDINGS

THURSDAY, August 14, 1958.

(7)

The Standing Committee on Public Accounts met at 9:30 a.m. this day. The Chairman, Mr. Alan Macnaughton presided.

Members present: Messrs. Bell (Carleton), Benidickson, Bissonnette, Bourget, Broome, Campbell (Stormont), Campeau, Carter, Cathers, Chevrier, Coates, Crestohl, Doucett, Fraser, Hales, Hanbidge, Lahaye, Macdonald (Kings), Macnaughton, MacRae, Martel, McGee, McGregor, McMillan, Morissette, Morton, Murphy, Pickersgill, Smith (Simcoe North), Spencer, Stewart, Valade, Villeneuve, Walker, Winch and Wratten.—(36)

In attendance: Major General H. A. Young, Deputy Minister; Messrs. E. E. Gardner, Chief Architect; D. A. Freeze, Director, Property and Building Management Branch; R. G. McFarlane, Assistant Director, Property and Building Management Branch; and J. O. Kemp, Contracts Division, Building Construction Branch, all of the Department of Public Works.

The Chairman stated that the Steering Committee recommends to hold a meeting on Friday morning August 15, and to hold meetings on Monday, Tuesday, Thursday and Friday of the following week.

Pursuant to an order of the Committee, six copies of documents relating to the six contracts under review were tabled for the use of the Steering Committee.

The Chairman tabled also three copies of the six contracts which were marked EXHIBIT P-3. He read a letter from the Postmaster General dated August 12th, in respect of the evidence to be taken on postage rates on newspapers and periodicals.

The Chairman quoted from an editorial which appeared in The Ottawa Journal on August 13th.

Mr. Pickersgill referred to EXHIBIT P-1 published as Appendix "A" in Issue No. 3, in which he thought he found discrepancies between the original and the printed document. After a brief discussion thereon, Mr. Pickersgill undertook to again check Issue No. 3.

The Committee resumed its examination of General Young, jointly with Mr. Gardner on tenders and contracts selection of material, air conditioning and fire protection equipment.

General Young undertook to supply certain figures not readily available.

In the course of the proceedings and in further relation to the production of documents, copies of which were in the hands of Mr. Walker as agreed by the Steering Committee, Mr. Pickersgill raised a question of privilege on the grounds that the five copies ordered by the Committee on August 12th contained information of either a confidential or semi-confidential nature.

Mr. Chevrier raised a point of order.

After discussion, it was agreed that the Committee continue to elucidate the matters under investigation, through the examination of the witnesses, by questions and answers.

The matter of the production of documents was referred to the Steering Committee for consideration.

At 10:55 o'clock, Major General Young's examination still continuing, the Committee adjourned until Friday, August 15, 1958 at 9:30 o'clock.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

THURSDAY, August 14, 1958.

The CHAIRMAN: Gentlemen, we have a quorum. Shall we start?

A few routine matters of business. Your steering committee thought that we should meet tomorrow, Friday, August 15, Monday, Tuesday, Thursday, Friday of next week, and if necessary further meetings; but let us see what progress we make.

There is considerable material to produce this morning, and with your permission I will do it in a routine fashion.

First of all, copies of the correspondence and various documents which I suggest we leave in the hands of the steering committee. There will be one for the C.C.F., one for the Liberals and one for the P.C.'s. These are semi-confidential documents, and I do not think should be handed out.

Agreed?

Agreed.

The next is to produce copies of the six contracts, tenders one to six, printing bureau, filed on August 14, 1958. There are two extra copies. If anyone cares to examine them, they are here.

You have had distributed, I hope, this morning, the annual report of the Department of Public Printing and Stationery for the fiscal year ended March 31, 1958. Having regard to the fact that Mr. Cloutier will probably be here tomorrow, it might be useful to look at this annual report before he comes.

Some time ago the committee authorized your steering committee and myself to write Mr. Hamilton, the postmaster general, with a view to having a witness come and discuss the subject of postage rates on newspapers and periodicals, which matter was set forth in paragraph 27 of the Auditor General's report. I would now like to read the letter from the postmaster general in order to make it part of our official record.

12th August 1958.

Dear Mr. Macnaughton,

I have your letter of August 8th respecting the desire of the public accounts committee to have an official of this department present when the report of the Auditor General dealing with 'postage on newspapers and periodicals' comes up again for consideration.

The departmental official having particular responsibility in this regard has been absent through illness for a number of weeks but Mr. George Boyle, Deputy Postmaster General, is quite familiar with these matters and I have requested him to be available when required. Mr. Boyle's telephone number is 6-7196.

Yours sincerely,

(Signed) BILL HAMILTON

William Hamilton
Postmaster General

We thought today we would proceed in the following manner. We have General Young, the Deputy Minister of Public Works with us. If we finish

with General Young, and if it is convenient, also we have Mr. Gardner, the chief architect of public works who is here, and we have hopes that tomorrow we can have the Queen's Printer, Mr. Cloutier, here. He will be here, although whether we can get to him or not, I do not know; but we will try.

Then, we hope that by Monday or Tuesday of next week we can have Mr. Cormier here. He also has indicated his desire to be present.

So that concludes the general business.

Yesterday we, if I might use the term, had a field day on our visit over to the printing bureau plant, and I think the visit was useful in that you have now seen the physical layout of the structure.

However, at this time, if I may be so bold, I would like to quote the words which appeared in an editorial in the Ottawa Journal a few days ago to the effect that the purpose of this committee is to check on the value the taxpayer received for his money, not to engage in a political witch-hunt.

This, as we have said so many times, is a fact-finding committee. We all have a duty to perform, and I think we have bumped along in a reasonable manner to date. And now I suggest we get back on the rails this morning, confine ourselves to real questions, and try to elicit the answers from the witness which we have.

We will continue now with General Young.

Major General Hugh A. Young, C.B., C.B.E., D.S.O. (Deputy Minister of Public Works), called.

By Mr. Pickersgill:

Q. Before Mr. Walker begins, I would like to draw attention to the fact that in the diagram at the end of the third number of the minutes of proceedings there are only five contracts included, although in this other document which was prepared there are six; and also to the fact that the totals do not seem to add up correctly. I think before we begin to talk about matters which might be in controversy we ought to have this discrepancy explained. I have not attempted to do the arithmetic myself, and therefore I cannot say whether the omission of contract number 3, I think it is,—contract number 3 for the diesel generator is obviously omitted, it seems to be omitted—I should not say obviously—whether in fact that does account for the fact that these figures do not seem to add up properly, or whether there is any other discrepancy—A. Do I understand, Mr. Chairman, that the information which Mr. Pickersgill has is that instead of six contracts there were only five?

Q. If General Young will look at appendix A of number 3, he will find that first of all there are the following headings—year; estimates action; transfers; architect; consultant; appraisal, legal and other fees; land—and then there are five contracts shown. In the document we were given here before there are six contracts shown, and it would appear that the contract that would seem to be omitted—although I see under "others" there is some reference to it—would be number 3. It is not listed as one of the contracts.—A. Presumably, Mr. Chairman—

Q. So one is not in.—A. Yes, that is right.

Mr. BOURGET: Mr. Chairman, before we proceed, were we not to have some documents this morning that we asked for?

The CHAIRMAN: They were already produced this morning.

Mr. BOURGET: Do the documents include plans for the borings that were made?

The WITNESS: Mr. Pickersgill, that is correct; number 3 does not appear in the title.

Mr. WALKER: I have been able to find here, Mr. Chairman, the order in council awarding contract number 3. Is that what you wanted Mr. Pickersgill?

Mr. PICKERSGILL: No, all the other five contracts are spelled out in detail in this document, and the sixth one does not seem to be in. I was wondering—and there also seems to be some discrepancy in the figures—I was wondering if that was the explanation of the discrepancy or what it was.

The WITNESS: I think, Mr. Chairman, that it is in this "others", in the "others" column where there is an item "Consolidated Engines and Machinery, 3 diesel units for power house (71,875)", and then again down below: "additional payment to Consolidated Engines and Machinery 1,450 (new contract total 73,325)".

Mr. WINCH: It is not printed in number 4.

The WITNESS: It is not shown in a column. It is shown broken down in those items under "others".

Mr. WINCH: Page 113 of number 4, Mr. Pickersgill.

Mr. PICKERSGILL: All I have, of course, is this document which was handed out the other day, and it was by comparing that with this document that I reached this puzzlement. It also seems to me there does seem to be some discrepancy in the totals.

The CHAIRMAN: Mr. Pickersgill, if you will refer to minutes of proceedings number 4, I think you will see considerable detail in it.

Mr. PICKERSGILL: Yes, I have that.

Mr. WALKER: Could that be gone into the interim and let us get along?

The WITNESS: Have I answered Mr. Pickersgill's question?

Mr. CHEVRIER: No, I do not think you have. What Mr. Pickersgill is interested in getting, and what I would like to have, is the complete story as produced by exhibit P-1, appendix A. That exhibit, as produced, shows five contracts, and I am informed there are six. The sixth contract apparently appears on the back under "others", but why can it not appear alongside of the fifth column entitled "completion of main building—Concrete Construction Limited (original amount: \$7,999,982)"? Why can it not appear alongside of that item, contract number 3, applying only in so far as the \$73,000 or \$70,000 or whatever the cost of the contract is?

I wonder if we could have this appendix amended so that on that schedule we would have the whole story?

Mr. WALKER: Are you referring to No. 4, appendix B?

Mr. CHEVRIER: No. 3.

Mr. WALKER: Appendix B, No. 4, seems to correct it. The whole six contracts, Nos. 1, 2, 3, 4, 5, and 6 are set out therein.

The WITNESS: I think the reason it was not put in another column was because it was a contract purchase as distinct from a building, but we can modify this if it is the wish of the committee.

By Mr. Chevrier:

Q. It is included? This amount for the diesel generators is included in the total purchase price?—A. Yes.

Q. So it should be in appendix A of document 3 and I am asking that it be amended accordingly.

By Mr. Walker:

Q. This is set out correctly in appendix B on page 114 in minutes and proceedings No. 4; is not that correct?—A. The amount is included in that \$771,000.

By Mr. Pickersgill:

Q. I take it that General Young does not regard contract No. 3 as part of the cost of the building?—A. Yes sir.

Q. Because here we have an item called "total building contracts"—the second last column—and this would appear to be equipment for the building. It looks to me that all these items that are called "others"—no, that is not true either, because one of these alterations is plumbing, heating and so on.

The CHAIRMAN: You are referring to appendix A of the evidence?

Mr. PICKERSGILL: Yes.

Mr. WALKER: May I reiterate Mr. Chairman, my friend is a day behind; appendix B is set out in great detail, six contracts all under their numbers, and No. 3 is set out.

By Mr. Pickersgill:

Q. I read the document the other day when it was tabled here. I am referring, Mr. Chairman, to appendix A, and it does seem to me that as it is set out at present it does give a rather misleading impression and that that is not in any sense corrected by the appendix to the number that we have now, because this seems to consist of some items that are properly part of the building and other items that appear to be machinery. Now, the question I would like to ask on that is when the estimates were made for this building, were these diesel generators included as part of the cost of the building?—A. They were.

Q. So the estimate that Mr. Cormier made, or the department made, did include that?—A. Yes, Mr. Chairman.

Q. So then it properly should have been shown as part of the cost of the building?

Mr. CRESTOHL: Is exhibit P1 available, the original?

The CHAIRMAN: It is available; we have a photostat here.

Mr. CRESTOHL: May we have a look at it and see if it is an exact reproduction as in exhibit A?

The WITNESS: Sixty copies were made, Mr. Chairman; they are available for distribution.

The CHAIRMAN: Copies were distributed two days ago.

Mr. WINCH: All I want to say is—it may be I am confused on this—but in view of proceedings No. 4, which in my estimation and interpretation at least set everything out very fully, and therefore is a correction on what might be something missing in 3 that I do not see how it can be corrected any more than it is now corrected by No. 4. And in view of that, with all due deference I think we are losing a lot of valuable time.

Mr. MORTON: Let us not be sidetracked by these technicalities.

The CHAIRMAN: It is not a technicality; we want the exact facts. Are you satisfied, Mr. Pickersgill?

Mr. PICKERSGILL: I am still not entirely satisfied these things add up right, but I do not intend to pursue that point at the moment. It may be on checking it over further I will find I am under a misapprehension. At the moment I am quite pleased on that point. But there is another point on which I think the committee ought to be given some clarification before we proceed further, and it is this: we have been given very detailed mathematical information about the contracts which were let—in the appendix here to the third volume and then the appendix in the fourth volume. I would like to ask Mr. Gardner whether any estimate of the total cost of this project was made by the department or by Mr. Cormier for the department before the contract was let for

the building? I am not talking about the contract for the excavation at all, but I am talking about the contract for the buildings. Did the department have at that time, before this project was embarked upon, apart from the excavation—that is to say in 1952 or in 1951, did they have any estimate of how much this project was going to cost?

Mr. E. A. GARDNER (*Chief Architect, Department of Public Works*): Mr. Chairman, may I ask a question here? Mr. Pickersgill, do you mean the total of all expenditures or a total of the last contract which was to be called?

Mr. PICKERSGILL: Oh no, I mean a total of all expenditures, and I am not really concerned whether that includes the land or excludes the land as long as we are told clearly which it is.

Mr. GARDNER: Mr. Cormier did not make an estimate.

Mr. PICKERSGILL: Mr. Cormier did not make an estimate?

Mr. GARDNER: Not of the total costs, no.

Mr. PICKERSGILL: You have examined the records very carefully and you are quite satisfied about that, Mr. Gardner?

Mr. GARDNER: I think so, yes.

Mr. WALKER: Mr. Chairman, we are going to put in whatever estimate he made in a minute.

Mr. PICKERSGILL: I think perhaps the best record in that respect would be the debates of the House of Commons, and I have here Hansard for the 28th of June, 1951 where Mr. Fournier was being questioned by Mr. Harkness, now a member of the government, about this matter. I will not take the time of the committee to read all of this, but one paragraph at the top of page 4824 reads this way:

Two years later in 1949 after we had studied the problem and determined the size of the building we engaged the services of a Montreal architect to prepare detailed plans and specifications. In April 1949 we received a preliminary estimate from him of \$9,293,818. This estimate has been revised since 1949, and on May 1, 1951, the estimate given by our architect is \$11,300,000.

Now, I emphasize the fact that that was the Minister of Public Works speaking in the House of Commons in June 1951, more than a year before the main contract was let, and at that time in 1951, before, as we have been told, all the detailed plans were prepared, Mr. Fournier told the House of Commons and had money voted for this project on that basis that the estimate was \$11,300,000. It seemed to me—this was just drawn to my attention very recently—this disposed pretty thoroughly of this nonsense of \$6 million. And I feel that no time should be lost in bringing this to the attention of the committee.

The CHAIRMAN: Shall we proceed? Mr. Walker, you have a few things to lay on the table.

Mr. BOURGET: Before you proceed, I just asked a few minutes ago for the information; there were notes made available to the members of the committee. Now in regard to that information, are all the documents made available to Mr. Walker included in that?

The WITNESS: That is correct, Mr. Chairman.

By Mr. Bourget:

Q. Would it be possible, General Young, to have a copy of the borings that were made? You must have plans for the borings.—A. We have those in our documents. You mean the original ones?

Q. Yes?—A. We will get those and have them available.

Mr. McGEE: There is one other matter concerning this estimate, and I would like to read from *Hansard* of April 9, 1953.

Mr. Fournier was being questioned by Mr. Knowles. Mr. Fournier said in reply to a question put to him by Mr. Knowles, on Page 3646 of *Hansard*, April 9, 1953:

Last year I gave an estimate of about \$13 million, but I can give a closer estimate this year. It has gone down to \$12,800,000. This is a list of the contracts given on that to date. There was a contract in 1950 for \$228,695; another contract in October, 1950, for \$241,989; a contract for the power house and diesel generating unit, \$71,000; a contract for the construction of the concrete structure of the power house, \$822,185—these are all after tenders. It is understood, and I shall not repeat it every time, that we called for public tenders and it is the lowest tenderer who gets the job.

Mr. PICKERSGILL: I wonder if I could ask Mr. McGee for clarification: has that reference entirely to the cost of the building or does it include the cost of the land? It seems to include just the building, from his reading of it.

Mr. WALKER: This speaks for itself pretty well, does it not?

Mr. BELL (Carleton): When we have a witness before us I think we should go ahead.

The CHAIRMAN: Yes. Gentlemen, I think we should proceed in the manner we have decided on.

Mr. WALKER: Mr. Gardner, as chief architect, on September 12 you wrote a report to the deputy minister, Mr. Murphy, most of which was read into the record last week, objecting to the plans and specifications of Mr. Cormier on the grounds that they were not sufficiently satisfactory or complete for anybody to make a proper tender; is that right?

Mr. GARDNER: That is correct.

Mr. WALKER: You also objected to the very expensive material which was to be put into this building, and you did so on approximately seven different points. Is that correct?

Mr. GARDNER: Correct.

Mr. WALKER: Did you see the deputy minister, Mr. Murphy, as a result of your report to him on September 12, which we discussed at the end of the last hearing?

Mr. GARDNER: I did, after my report of September 12.

Mr. WALKER: Yes.

Mr. GARDNER: I was called to the deputy minister's office.

Mr. WALKER: In 1952 this is?

Mr. GARDNER: Yes, immediately following my report.

Mr. WALKER: Yes. What was the purport of your conversation with him, please?

Mr. GARDNER: As a result of my report Mr. Murphy was annoyed.

Mr. WALKER: He was annoyed?

Mr. GARDNER: Yes.

Mr. WALKER: With whom and about what?

Mr. GARDNER: Well, I would say he was annoyed with me.

Mr. WALKER: Why?

Mr. GARDNER: Because of the indication that I would have to hold up these plans to have changes made in them.

Mr. WALKER: Because you had indicated that?

Mr. GARDNER: Yes.

Mr. WALKER: Yes. Did he ask you know long you would hold it up?

Mr. GARDNER: I expressed the opinion that it would be three to four months.

Mr. WALKER: For what reason?

Mr. GARDNER: To have the changes made in the plans so as to meet the objections I had made to them.

Mr. WALKER: I see.

As a result of your telling Mr. Murphy that, he was annoyed, and what happened then?

Mr. GARDNER: I was instructed to review the plans and get them out to tender probably within a week.

Mr. WALKER: You were instructed to review the plans and get them out to tender within a week?

Mr. GARDNER: Yes.

Mr. WALKER: Yes, and for what reason?

Mr. GARDNER: He wished to have the tender called and made at once.

Mr. WALKER: Why?

Mr. WINCH: Is that not calling for an opinion, Mr. Walker?

Mr. WALKER: Were you told why?

Mr. GARDNER: No, I was not told why.

Mr. WALKER: All right, that is fine.

Now, as a result of Mr. Murphy's importuning you, did you subsequently see Mr. Cormier, the architect from Montreal in charge of this building?

Mr. GARDNER: Yes. Mr. Cormier came to my office.

Mr. WALKER: When?

Mr. GARDNER: I think, if I remember correctly, about the 16th of that month.

Mr. WALKER: As a result of that interview with Mr. Cormier did you present a further report to the deputy minister dated September 17?

Mr. GARDNER: I did.

Mr. WALKER: Have you that present? Could we have it distributed to Mr. Pickersgill and some of the others if you have it? Have you any copies of that report, Mr. Chairman.

The CHAIRMAN: No, we have no copies.

The WITNESS: It is in the five copies available for the steering committee.

Mr. WALKER: You have it, have you, Mr. Pickersgill and Mr. Chevrier? It is under No. 6 contract and it is a letter dated September 17.

Mr. CRESTOHL: Mr. Chairman, could we have those documents which you said you have up at the front?

The CHAIRMAN: Yes. Will you wait one moment? I am told we have them.

Mr. WALKER: While you are distributing them I might as well read this into the record.

This is a report of September 17, 1952, to the deputy minister by Mr. E. A. Gardner, chief architect.

Re: Hull, P.Q.—National Printing Bureau Building—Plans and Specifications

Mr. Cormier, the architect for the above building, was in my office during the morning and afternoon of Tuesday, the 16th of this month. The listings which had been forwarded to Mr. Cormier, in which an itemization of various questions raised by the review of the plans and specifications, were discussed. Decisions were arrived at satisfactory to this office and to Mr. Cormier on many of the items which only required small corrections on the plans, or small changes in the specifications.

The four main items which it had been expected would materially delay the completion of the plans and specifications, and the call for tenders, were discussed, and have been settled as follows:

(1) Exterior finish in granite on the office section and heating plant section—Mr. Cormier has agreed to specify and alternate. This will consist of specifying that the contractor be required to quote an alternate price, first for the granite finish as shown on the plans and included in the specifications, and second for a price using limestone in lieu of granite. Mr. Cormier was prepared to change the exterior finish to a brick finish provided he could specify a brick which he would be prepared to accept; such a brick would be of American manufacture. After discussions it was decided that the alternate for stone finish would be preferable.

As a result of that number (1) did you put an alternate in the tender calls?

Mr. GARDNER: We did.

Mr. WALKER: For granite and also for brick finish?

Mr. GARDNER: Not for brick finish.

Mr. WALKER: What was the alternate?

Mr. GARDNER: Limestone.

Mr. WALKER: Excuse me, limestone.

As a result of that which one was finally picked?

Mr. GARDNER: Granite.

Mr. WALKER: The expensive one?

Mr. GARDNER: Yes.

Mr. WALKER: So that you again did not get your way? The expensive one was taken?

Mr. GARDNER: That is right.

Mr. WALKER:

(2) The interior finish in the building is, in the main, a terra cotta tile. Depending upon the rooms in which this finish occurs, the architect has specified glazed finished of varying quality. As the specifications have been written for American glazed tile, it was pointed out to Mr. Cormier that an alternate must be given in the specifications. He has stated that he is prepared to take as an alternate tile of similar quality and manufacture which can be procured from England. This alternate in the specifications is satisfactory.

Did the tender call include the alternate as well as the glazed tile, Mr. Gardner?

Mr. WALKER: Let us go on to the next one while this is being looked up, in order to save time. We will come back to it later.

The CHAIRMAN: Will you please identify that letter again?

Mr. WALKER: It is a letter of September 17, 1952, which is attached to the exhibit filed in connection with number six contract.

Mr. CRESTOHL: Is there a copy of that letter in this file?

Mr. WALKER: I am trying to get that one for you.

Mr. CRESTOHL: Why did we not have a copy like that?

The CHAIRMAN: The copies were only received ten minutes ago. Some of them have been placed in the wrong order and we are trying to sort them out. We will have them sorted out in about five minutes.

Mr. PICKERSGILL: I suggest, under the circumstances, that Mr. Walker proceed with something which we can find so that we may follow these matters, until this document is found.

Mr. CRESTOHL: May we also know when these documents were delivered to Mr. Walker and by whom?

Mr. WALKER: I was appointed by the steering committee to dig out this material. I think I got this about three or four days ago. Is that right, General Young? Would it be three or four days ago when I got this material, before the last meeting?

The WITNESS: Yes, Mr. Chairman.

The CHAIRMAN: Would you mind coming up here, Mr. Crestohl. Here are the documents that would be the quickest way.

Mr. WALKER: It was agreed that all the material I have here was to be distributed.

The CHAIRMAN: That is right.

Mr. WALKER: Yes, five copies. Are you ready to answer my question now, Mr. Gardner?

Mr. GARDNER: Yes, Mr. Chairman. There was no actual alternative price. It was altered in the specification. Either the English or the American could be used.

Mr. WALKER: What was finally paid?

Mr. GARDNER: I cannot answer that at the moment; I would have to have it looked up.

Mr. WALKER: The English is much cheaper is it not?

Mr. GARDNER: That was the expectation, yes.

Mr. WALKER: It reads:

In the main entrance hallway the Architect had specified Indiana limestone, polished to give a high glaze finish, Mr. Cormier is prepared to specify an alternate to the Indiana stone finished by calling for Portland stone as can be obtained from England. In a hallway as large as that shown on the plans, and already provided for in the structural frame which has been built, it is considered that a simple plaster finish would be unsuitable. The alternate proposed by Mr. Cormier is therefore considered a proper one.

Was that done? Was that alternative included in the tender?

Mr. GARDNER: This was an alternate in the specification.

Mr. WALKER: As a result of your request in your memorandum of September 12, Mr. Cormier did include in the tenders called for a more expensive finish in each instance, and a cheaper one?

Mr. GARDNER: Yes.

Mr. WALKER: As a result of that you did receive a tender from the Concrete Construction Company Limited, and was there a substantial difference in the price?

Mr. GARDNER: That is right.

Mr. WALKER: There was an expensive finish and one which was not as expensive.

In view of the fact that the Concrete Construction Company was picked, let us examine it.

Mr. PICKERSGILL: I object to contentious references of that description. The contract was awarded to the lowest tenderer.

Mr. WALKER: That is quite right; my friend is entirely correct. That is why I only referred to the one tender picked, the Concrete Construction Company, for the more expensive finish, including the glazing and the glass, for \$7,999,982; and with the specifications you suggested, the tender was \$7,851,350 which would be a saving of approximately—let me see now, \$148,000.

Mr. GARDNER: Yes.

The CHAIRMAN: Might we take this a little more slowly, Mr. Walker?

Mr. WALKER: Yes, thank you. In other words, the tender from Concrete Construction Company mentions the tender as originally outlined by Mr. Cormier with the alternative outlined by yourself. Is that correct?

Mr. GARDNER: Yes.

Mr. WALKER: And these items only had to do with the finish of the building the stone and so on?

Mr. GARDNER: That is right.

Mr. WALKER: There was a difference of \$148,000 in the two prices?

Mr. GARDNER: That is right.

Mr. CAMPBELL (Stormont): Which was picked, the most expensive one or the one which was cheaper?

Mr. GARDNER: The most expensive one.

Mr. WINCH: Who accepted that responsibility?

Mr. WALKER: Yes, Mr. Winch would like to know who accepted that responsibility.

Mr. WINCH: I mean as to the picking of the more expensive one?

Mr. GARDNER: It would be the Department of Public Works. They must have accepted the responsibility.

Mr. WINCH: Who was the Department of Public Works?

Mr. PICKERSGILL: I think it is obvious that this submission was made to the Governor General in Council and therefore it was the Governor General in Council who assented to it.

Mr. WINCH: That is the answer I wanted.

Mr. WALKER: The order in council is here.

Mr. CAMPBELL (Stormont): Who recommended it to the Governor General in Council?

Mr. PICKERSGILL: The Minister of Public Works.

Mr. WALKER: You are asking how it was that this was accepted, and who was responsible for it, Mr. Cormier, Mr. Murphy or whoever it was?

Mr. WINCH: We have been told already that it was the Governor General in Council. Therefore the basic question is: who was responsible for making the recommendation to the Governor General in Council that the more expensive finish be accepted?

Mr. PICKERSGILL: As a former civil servant I think this is a very improper question to ask any civil servant. The minister has to take the responsibility of any recommendation made to the Governor General in Council.

Mr. SPENCER: He has said that it was a departmental responsibility.

Mr. PICKERSGILL: The minister is not the department. It may be considered so by the present administration, but when we were in office, it was not.

Mr. WINCH: If I have asked a question which is improper to ask a civil servant, I would hate to think that it was a question which a civil servant should not answer.

Mr. CRESTOHL: Would the aesthetic appearance be consistent with the Federal District Commission's plan? Would that have had anything to do with the selection of a more expensive material? Would it be done for the sake of the appearance of the building?

Mr. WALKER: Do you mean for the power house or for the main building?

Mr. PICKERSGILL: We are talking about the main building.

The CHAIRMAN: Let the witness answer!

Mr. GARDNER: I think they did, yes.

Mr. CRESTOHL: That is the answer.

Mr. CAMPBELL (*Stormont*): Why is Portland stone not as acceptable as the other?

Mr. CRESTOHL: Those who were concerned with the overall aesthetic appearance of the entire section had decided it.

The CHAIRMAN: We have a consulting architect, or we had one on the job. Fundamentally it is a matter of opinion. If he decided to choose one as opposed to the other, or exercised a preference, that is what he was hired to do. If he made a mistake, it was a matter of his opinion.

Mr. WALKER: At the top of page 2—on my next point, going back to your report to the deputy minister of September 12, the point that the senior supervising mechanical engineer objected to the air conditioning as set out in the plans and specifications as being antiquated and as being the same as was put in the Supreme Court of Canada building away back in 1939, did you present this view?

Mr. GARDNER: Yes.

Mr. WALKER: You had an interview with Mr. Cormier, and then as reported by you, you say:

The question of the air conditioning system as specified by Mr. Cormier was discussed in detail with Mr. Hamel, the Senior Supervising Mechanical Engineer. Mr. Hamel is now satisfied that the specification as written gives the necessary alternates to contractors who may be figuring this work. At least three different companies manufacture equipment which will be approved by Mr. Cormier, all of these companies manufacture their equipment in Canada. Mr. Hamel has stated that he is now satisfied that the air conditioning system as specified will be one which would meet with his approval.

Did Mr. Hamel tell you that?

Mr. GARDNER: He did.

Mr. WALKER: After his conference with Mr. Cormier?

Mr. GARDNER: Yes.

Mr. WALKER: Mr. Cormier was very reluctant to see any change made in the plans and specifications, when you objected to the original arrangements so far as the air conditioning plans were concerned?

Mr. GARDNER: No.

Mr. WALKER: Did the air conditioning system put into commission differ basically from the system set up in the plans and specifications which were objected to by you in your letter or in your report of September 12?

Mr. GARDNER: As far as I know.

Mr. WALKER: And that was continued?

Mr. PICKERSGILL: When you made your objection of September 12 to this air conditioning, were you making it on the basis of your own personal knowledge of air conditioning matters or on the advice of technical officers?

Mr. GARDNER: I was making it on the advice of Mr. Hamel.

Mr. PICKERSGILL: You have told us Mr. Hamel was subsequently satisfied that what was proposed was all right?

Mr. GARDNER: Yes.

Mr. PICKERSGILL: So that you are not speaking of anything that comes within your personal technical competence?

Mr. GARDNER: I depend upon the senior mechanical engineer to advise me.

By Mr. Broome:

Q. Do you know the name of the consulting firm which the architect used to design the air conditioning system.—A. It was done by his own firm. He is an engineer himself.

Mr. BROOME: He did not go to a consulting engineering firm, which specialized in air conditioning.

Mr. PICKERSGILL: I think we have had a lot of hearsay evidence. This is a question which we ought to ask of Mr. Cormier.

The CHAIRMAN: Yes.

Mr. WALKER:

Discussions were held between Mr. Cormier and the senior electrical engineer, Mr. Sterling. The main argument consisted of whether or not it was necessary to provide stand-by transformer equipment and switching gear in the power house plant building. Mr. Cormier has provided this standby equipment so that in the event of any failure it would be possible to switch from one bank of transformers to the other thus keeping the printing equipment in operation. He has pointed out that this is important during sessions of parliament when it is required to produce Hansard at very short notice. While Mr. Sterling was not satisfied entirely it was agreed that instead of delaying the call for tenders plans would be used as presently prepared and, if at a later date, it was found that a change could be made that it would then be taken up with the contractors and investigated.

Was that proceeded with then?

Mr. GARDNER: Yes.

Mr. WALKER: And in that way; so there was no change made there either?

Mr. GARDNER: No.

Mr. WALKER:

Mr. Cormier has returned to Montreal and has stated to the undersigned that he will have the changes made in his plans and specifications before the end of this week. He will forward the necessary plans and specifications to this office so that public advertisement may be made. In the meantime, the necessary papers for advertising have been prepared and will be passed to you for your signature.

Is that the balance of your report?

Mr. GARDNER: Yes.

Mr. WALKER: Is the writing on the edge, "Approved", Mr. Murphy's?

Mr. GARDNER: The word "Approved" is in Mr. Murphy's handwriting.

Mr. WALKER: As a result of all your suggestions for changes as conveyed in your letter of September 12, were in fact any changes made?

Mr. GARDNER: Minor ones.

Mr. WALKER: Without being too lengthy, can you indicate any, keeping in mind that your suggested finish was in the alternative, but that you were overruled on that and the highest tender was taken?

Mr. GARDNER: Correct.

Mr. WALKER: Would you tell us what changes were made? There were none made in the refrigeration or the air conditioning?

Mr. GARDNER: No.

Mr. WALKER: And none were made in the secondary system, in the event that Hansard was not going to be printed on time?

Mr. GARDNER: No.

Mr. WALKER: So that as a result of your efforts in making changes in Mr. Cormier's specifications, you were overruled in each instance?

Mr. GARDNER: Correct.

Mr. WALKER: Mr. Pickersgill has asked—and you have objected that the plans and specifications were not complete in your letter of September 12—did you then obtain from Mr. Cormier a detailed estimated cost of this contract, No. 6, that is for putting up the main building?

Mr. GARDNER: We did.

Mr. WALKER: Could you produce it for Mr. Pickersgill and for the others? It is not dated.

The CHAIRMAN: Will you identify it if you can? Is it the one which appears as a letter from Mr. Cormier with the memorandum of October 27, 1952?

Mr. WALKER: Yes. Then might I ask that there be entered as an exhibit the report of the chief architect, Mr. Gardner, to the deputy minister, Mr. Murphy, dated September 17. Could that be entered as an exhibit?

The CHAIRMAN: I understand that these are semi-confidential documents.

The WITNESS: They are really privileged documents.

The CHAIRMAN: We are stretching the law quite a bit by having them here.

Mr. WALKER: We have read them into the record anyway.

Mr. PICKERSGILL: I do not think we can leave it there. The deputy minister pointed out that the document is a privileged document of exactly the same character as I asked before in the House of Commons the other day, which the government indicated they would not be prepared to produce. There is some very serious question in my mind as to the propriety of this document being produced. I have no objection in essence to having it introduced. It seems to me, as I indicated the other day, I was a member of that administration and I feel there is nothing to hide or that we want to hide. But there is a question of principle involved.

Before we go any further I think this question of principle should be resolved by the committee, if it has the power to resolve it, and if not we should consider very carefully whether or not we should report the matter to the house; because we have obtained in a rather irregular manner, not by the committee formally exercising its power to have papers produced, but in a rather irregular manner, documents which in the regular manner would not be produced to parliament. This is very troubling for the future administration. I am sure the deputy minister must be very disturbed by the fact that a confidential document and confidential advice of one of the senior officials to the deputy minister—

Mr. WINCH: Be careful, in view of your own stand on certain matters.

Mr. PICKERSGILL: I can assure Mr. Winch on that subject. I have never taken but one stand. I have always taken the view that a minister has to take the responsibility and stand the gaff for what is done in his department, that he is therefore entitled to all the confidential information he can get from all the officials of the deputy minister, and is entitled to have it called confidential. I want the committee to understand clearly what we are doing here now.

I made a point a minute ago indicating it was Mr. Fournier's responsibility for recommending this, and the governor-in-council's responsibility for accepting this.

It was not Mr. Gardner's and it was not Mr. Murphy's. Mr. Fournier was actually entitled, and so was Mr. Murphy, to have Mr. Gardner's full and free and frank advice which he got and reported to us here. And, too, one must remember that this goes on with every minister all the time. Historically, under the British system, these documents have never been produced unless the government of the day wanted to produce them in their own defence, as all the text books will show.

Now, we have departed from that principle. It is true, of course, that the majority of the members of the committee might think that in this case, because they are dealing with the records of a previous administration, that it is good clean fun; but it is different from that—

Mr. SPENCER: It is not very clean.

Mr. PICKERSGILL: It is in fact going to be up to this committee—if we are going to regard this as a precedent, it is going to be up to this committee next year to demand the confidential advice given to Mr. Green, if he is still in his position and expect to get it. Before we adopt this very dangerous precedent, for which I must say I accept no share of the responsibility whatever, except a negative responsibility—I was absent from the steering committee when this subject first came up—I think before we put these documents down as official exhibits, and before we continue examining officials about the advice they gave their seniors, we had better be pretty careful about what the implications of this are going to be on our constitutional, parliamentary, British system of government. Of course I realize that in another jurisdiction that is the normal procedure.

Mr. SPENCER: Mr. Chairman, are we going to have a speech from the member?

Mr. PICKERSGILL: You are having a speech from the member on a very important matter of the procedure of committees and the procedure of parliament, and if the honourable member has any observations he wishes to make on the subject, I will listen to them with patience.

Until I am called to order by the Chairman, sir, I intend to continue until I have completed what I have to say.

The CHAIRMAN: Have you got much more to say?

Mr. VILLENEUVE: Mr. Chairman, we have been here for 51 minutes, and this man has talked 35 of them.

Mr. CAMPBELL (*Stormont*): What about Mr. Walker?

The CHAIRMAN: We have been engaged in the—

Mr. PICKERSGILL: If under this new dispensation, sir, the majority just howls down the minority, I must resume my seat.

Mr. MURPHY: What you are doing is repeating.

The CHAIRMAN: Gentlemen, I have allowed the honourable gentleman some leeway because the matter he raised is a great matter of principle. We are not only here today; we hope to be here tomorrow, I think. We all are adopting precedents. I think I can terminate it very quickly.

It was agreed, rightly or wrongly it has been agreed—and we have the minutes in front of us—it was agreed by the steering committee that these documents would not be made public, and would be only for the steering committee; and I think we can leave it there for the present.

Mr. PICKERSGILL: I am afraid, Mr. Chairman, I will have to dissent from what you say, that it should be left there. If that was the understanding of the steering committee, that understanding has not been carried out. Mr. Walker has already produced two of these documents.

Mr. WALKER: At the request of the Liberals we have produced five copies of everything. It is because of the Liberal request that they should be produced that they have been produced. I am willing to not put them in the record; if my friend objects to having the whole story come out, I will desist.

Mr. PICKERSGILL: I have no objection and I have made no objection at any time to having the whole story come out. Mr. Walker, as an eminent member of the bar and a distinguished member of parliament, must appreciate that there is a very important matter of principle involved here. If we are going to adopt a new precedent—

Mr. MURPHY: You said that ten times already.

Mr. CRESTOHL: You are hearing it for the eleventh time.

Mr. PICKERSGILL: There are more implications than are actually seen—

The CHAIRMAN: Let us stick to the point.

Mr. CAMPBELL (*Stormont*): Is there not the matter of fundamental principles here? There are aspersions cast upon the administration and I would think it would be incumbent upon the honourable member to attempt to vindicate the previous administration.

Mr. PICKERSGILL: I was not aware that any aspersions had been cast upon any administration.

The CHAIRMAN: No aspersions have been cast, and none will be.

Mr. PICKERSGILL: It is an inquiry into the public accounts.

Mr. WALKER: Mr. Pickersgill, you will hang yourself slowly if you continue.

Mr. WINCH: I must agree that the point raised by Mr. Pickersgill is an important one, but I am afraid that perhaps a point has been missed. First of all, I should not like to see or put any one or two members of this committee on the pillory, so I think it should be emphasized that the authority of this committee is given, for the sake of efficiency in certain aspects, to be handled by a steering committee. The steering committee, I think, has tried to accept this responsibility. The steering committee asked one man to undertake a study in order to save the time of the committee, to place before it the relevant information as he found it.

Now, as far as Mr. Walker is concerned, that has been done. The power of this committee to a certain extent has been handed over to the steering committee, which has to report back and always has to. The major power of this general committee is one in our terms of reference, of power to send for persons and papers. In the terms of reference I draw the attention of Mr. Pickersgill and others, there have been no restrictions. So on that basis it has been done.

I can fully understand the one aspect of the point Mr. Pickersgill has raised, that there might be certain documents which ought not to be produced. I want to say with all due deference that that responsibility does not rest on this committee, on the steering committee, or on Mr. Walker. It rests on the civil servants in the departments concerned.

An Hon. MEMBER: No.

Mr. WINCH: Just a minute, let me finish. If in their understanding and decision there are documents of such a nature—although I am going to say requested by the steering committee or its representatives—then such a matter should then be referred to the minister in charge under which the civil servant is operating.

I say that with all due deference and understanding. I believe thus far we have operated competently within our terms of reference, and with the knowledge that we are, as has been pointed out very often and I think can bear emphasis—a fact-finding body.

Now, to find any facts you have got to be able to get the information. You cannot do it unless you can get the information. A lot of that of necessity is in the correspondence of the Department of Public Works and the Queen's printer, and in the hands of or in the knowledge of civil servants.

If we are not going to be allowed to question the civil servants, and these civil servants have the right to say: "Sir, I have not the right to answer that question." or "It is not within my purview", we might as well fold up.

I do think, Mr. Chairman, we have operated very well so far, and I believe with a little bit of common sense we will have no difficulty in getting the facts, without putting any civil servant in purgatory, or of their own confidential documents being taken and made public.

Mr. CHEVRIER: May I be allowed to comment? I will be as brief as I can. I disagree with what Mr. Winch has said on the premises that this matter rests on the civil service. I do not think that it does. From my understanding of the matters in question, obtained from others, this was a decision of the steering committee?

The CHAIRMAN: It was a decision of the committee. If you will refer to the evidence, number 4, it says:

After a brief discussion and because of the extent of the information in the hands of Mr. Walker, and on motion of Mr. Bourget, seconded by Mr. Crestohl,

ORDERED,—That five copies of the said extracts be produced for the use of the members of the Committee.

And the term "committee" in this case meant the steering committee.

Mr. CHEVRIER: The point I am trying to make is this, that even if by the decision or motion of the steering committee, I think it must be approved too by the committee as a whole. The point my friend Mr. Pickersgill is making is this, that what has been done is contrary to the rules of the house.

In the rules of the house it is clearly set out that a communication between an officer of the department and the minister is a privileged document. I am not saying it should be tabled here and I am not saying it should not be made public. The point I am making is, if we decide that if by a majority of this committee what has been done by the striking committee is approved of, then let it be remembered and let it be known that this is a precedent which I am sure this committee will want to follow in its future deliberations. The rules of the house make it very clear. Ministers from time to time have got up and objected to the production of these documents and we are doing exactly in the committee what we are not permitted to do in the house. Knowing that, if the committee wants it—

Mr. SPENCER: Mr. Chairman, I cannot agree either with Mr. Chevrier or Mr. Pickersgill. I think the point that we are losing sight of is this, that we have two members of this committee rising to claim a privilege without considering who has a right to claim the privilege. First of all, may I say this: if Mr. Pickersgill had any right or authority or any status in this committee to

raise a question of privilege, or the question that these documents were confidential, then he is going in the face of his own statement the other day that, as far as he was concerned, he wanted nothing hidden from this committee.

Now, the second point I want to make is this,—and if my friend, Mr. Pickersgill were, I think, a practising solicitor instead of a student, probably he would be aware of this,—that the question of privilege is not always the right of the one whose document is being produced.

If there is any confidential relationship to this, then it is the responsibility of those who have possession of the documents who have the right to raise a question of privilege—and that is the government of the day—as to whether or not these documents should be produced.

Now, it does not lie in the mouths of members of this committee to raise on behalf of the government any such privilege as is being raised here.

Mr. CHEVRIER: On behalf of parliament, not the government.

Mr. SPENCER: You have no right to raise it on behalf of parliament. We are here as members of the committee, and we are going to investigate this matter. We do not want to be hamstrung by members of the committee. If anyone is going to hide the document, it should be the government of the day.

Mr. CHEVRIER: Mr. Chairman; on a point of order, there is no right in a member of this committee to cast aspersions upon another member who has just come to the committee and is trying to be helpful by asking questions. We are not trying to hold up the investigation. I have made two short interruptions and I am not going to try to hold up the investigation at all. But what I am saying is that he has not the right to say what he said. He is using his experience as a lawyer to make the point he has made; but let me remind him it is not so much a matter of experience that is required here as the rules that the committee is bound by; and these are the rules of the house.

The CHAIRMAN: I am going to make a serious statement. The temperature obviously is rising very quickly; I do maintain the air-conditioning system is working satisfactorily.

Mr. SPENCER: I do not think I was out of order. In the second place, may I say to my friend, Mr. Chevrier, that he is a new member of this committee and has just come on. As one who has just come on the committee he has been taking up plenty of time today. The point again I make in regard to it is this that we are authorized to inquire into this. The government has claimed no privilege in respect of these documents, and it does not lie in the mouths of any members of this committee to raise on behalf of the government that privilege.

Mr. MORTON: I have just one short question; are these documents marked "confidential"?

The CHAIRMAN: There is the principle that applies to interdepartmental documents.

Mr. MORTON: For someone who has not had the experience of more experienced parliamentarians, I am confused.

The CHAIRMAN: May I attempt to resolve this question. I would like to have the matter discussed in the steering committee and we will bring in a decision at the next meeting.

Mr. PICKERSGILL: Since remarks have been made about things I have said—and I am sure quite inadvertently—the position I take has been misrepresented. I want to make it very clear I allowed Mr. Walker to proceed to read both these documents; I was not attempting to hide anything in this case. But when the question arose as to whether these documents would formally be made an appendix to our proceedings, it seemed to me that the point had arrived

when we would have to consider not this particular case, which does not concern me in itself the slightest bit, but the principle involved in this case, that is, the principle that this committee is or is not in its future deliberations going to look at the confidential advice offered by one civil servant to another in the same department, and by the deputy minister or other officers of the department to the minister. That has, in my experience, never been permitted in parliament. If we are going to do that—I am not talking about asking questions now; I am talking about producing documents—that the minister under our system is entitled to have confidential advice, knowing it will always remain confidential. I would also point out, in due respect, the other point, that we are looking at what happened under another administration and this advice was not given to Mr. Green; it was given to Mr. Fournier.

There is some question in my mind about it. I am not expressing a definite opinion as to whether or not it was competent for Mr. Green to authorize the production. I am not expressing a definite opinion on it.

But I am expressing the opinion that if, in this case, we formally make this confidential information a part of our record—our formal record, we are, for the future—unless we choose to disregard the precedent—going to make it possible for us to ask from any department whose expenditures we want to question, for any advice that the minister or the deputy minister may have received from any other officer.

I wonder if we want to transform our constitution in that fashion.

MR. WINCH: I believe we want to get all the information that we can concerning the estimates. Sometimes a compromise is necessary. I believe we can resolve this issue right here and now.

I suggest that all members realize that if we are going to do the work we have been told to do, then some person or some group—such as the steering committee—has to have all the knowledge they can possibly obtain. That may of necessity require knowledge of confidential or of semi-confidential documents, and it may be left at that.

Again, I think we are agreed that the more knowledge we can obtain in this committee, and the more information we may have the more valuable will be the work of the committee itself.

It is upon this principle, I suggest, that every endeavour should be made to obtain information by questioning of witnesses.

I believe that is the way we can work it out satisfactorily, and I think we could continue with our investigation now.

THE CHAIRMAN: Is it agreed?

Agreed.

By Mr. Walker:

Q. May I ask this question of the General: in connection with contract No. 6, or the main contract for the building which was originally tendered in the amount of \$7,999,982, and which finally cost \$8,693,622, would you be good enough to tell us what part of that addition was caused by the intervention of the dominion fire marshall, if that is what you call him. Will you please tell us how this came about?—A. The additions to the contract required by the dominion fire commissioner totalled \$106,951.96. They arose because the dominion fire commissioner was not given the original plans and specifications.

The dominion fire commissioner was in the Department of Finance. I think he was responsible, by a former order in council, for the checking of designs of all federal buildings in the Ottawa area.

This came to my attention very late.

Q. In what year?—A. 1955.

Q. The project was undertaken in 1948, yet the first time the dominion fire commissioner was brought into the picture was in 1955?—A. Early in 1955.

Q. The consultation with the dominion fire commissioner was not suggested by Mr. Cormier or by anybody else but yourself?—A. I felt that the dominion fire commissioner should be in the Department of public works so that we could work together.

Q. Was it one of the duties of the dominion fire commissioner to examine the plans and specifications of these buildings before they were built?—A. Buildings in the Ottawa area.

Q. And that was not done?—A. Not until early 1955.

Q. As a result of having to put him in touch with the matter after the project was started, what extra expense was involved?—A. I gave you the amount of \$106,951.96.

Q. Would you please break it down for us?—A. The closing off of pipe tunnels \$3,414.20.

Outside underground fire protection, \$84,334.76.

Automatic fire protection system in the basement and the first floor storage areas: \$19,203.

Q. So now you have the dominion fire commissioner satisfied in 1955 with these extra expenditures which have been made?—A. That is correct.

By Mr. McGee:

Q. Did you say "fire protection devices in the basement"?—A. That is what the heading was: "Automatic fire detection system in the basement".

The CHAIRMAN: Isn't that where the paper is stored?

Mr. GARDNER: Paper storage.

Mr. WINCH: There is almost \$1 million worth of paper stored there.

The CHAIRMAN: It is a larger amount than that. There was \$2 million worth on the third floor.

By Mr. Walker:

Q. Is that one of the reasons for the addition to this contract, or was it included in the original estimates?—A. No. It was not included in the original estimate.

Q. Mr. Cormier had overlooked it.

By Mr. Bourget:

Q. Following your question, was it not the duty of the architect, Mr. Cormier, to inform the fire commissioner, or was it the responsibility of the department to inform Mr. Thompson, who was the fire commissioner?—A. That is difficult. I would think that it was a departmental responsibility.

Mr. CAMPBELL (Stormont): Mr. Chairman, I would like—

The CHAIRMAN: Just a minute. Have you finished Mr. Bourget?

Mr. BOURGET: No, not yet.

Everyone will agree, and I think General Young will agree, that Mr. Cormier, as an outside architect, had no information about the fire commissioner.

By Mr. Walker:

Q. He worked for the Dominion Government before, General Young? I am speaking of Mr. Cormier.—A. He did the work on the Supreme Court building.

Mr. WALKER: He did the work on the Supreme Court building in 1939.

The CHAIRMAN: But surely it is up to the general manager to look after his own supplies and things such as that. It is his responsibility.

By Mr. Winch:

Q. I just want to ask here, Mr. Chairman, and I think this is the key; is it not the responsibility of the architect who is drafting the plans to include in his plans the fire regulations that are required for safety by the law?—A. Yes, Mr. Chairman, his plans and specifications would have adhered to the national building code. This was an introduction I think in 1940, of an order in council which made the Dominion Fire Commissioner responsible for—

Q. I mean, as far as the installation of everything that ought to do with fire protection, that is part of the architect's job in the preparation of plans?—A. That is correct.

Q. Although this is a special building, he knew it was a special building when he got the contract?—A. Yes.

Mr. WALKER: Thank you, Mr. Winch.

By Mr. Pickersgill:

Q. There is one question that occurs to me, if I might be permitted to ask it purely for clarification.

Could General Young tell us whether any of these devices and additions that were made in order to satisfy the fire commissioner would have cost less if they had been included in the original contract?—A. That is very difficult to say, Mr. Chairman.

Q. Well, perhaps you would not mind giving an opinion?—A. The only element, Mr. Chairman, would be, that if it was in the original contract, you would get a competitive bid.

Mr. WINCH: Is there not also something else included—

By Mr. Pickersgill:

Q. In other words it was completely additional work?—A. Yes.

By Mr. Campbell (Stormont):

Q. I would like to ask the question I intended to ask before.

Could not the architect have contemplated that several million dollars worth of very inflammable material would have to be stored some place in this building and, if that was the case, should he not have taken due precautions as far as adequate fire protection equipment in the contemplated storage areas was concerned? Would that not be essential, and would that not be just plain ordinary common sense?

The CHAIRMAN: Would you direct that question to Mr. Cormier when he comes? The present witness is not the best witness to answer that.

By Mr. Winch:

Q. Could I ask one further question of General Young?

In view of what you have just said, is it not a fact that in your experience when alterations and additions are made later it is more expensive than if they had been included in the original works?—A. In most cases that is certainly the case. The contractor is on the job and he has the advantage that you have to negotiate with him.

By Mr. McGee:

Q. There were no tenders called on this?—A. No, it was impossible to call tenders on this. It was all part of the project work.

By Mr. McGregor:

Q. May we have a statement as to how that money for this fire protection was made up?—A. I gave you the general details.

Q. I do not want them now, but later.—A. I have given that breakdown.

By Mr. Walker:

Q. Since Mr. Cloutier, the Queen's Printer, is going to be here tomorrow, would you be good enough to tell us what suggestions or recommendations, Mr. Cloutier made after the plans and specifications had been completed in 1952—at the end of that year—which caused an extra expenditure, and how much of an expenditure was involved as a result of that intervention by Mr. Cloutier?—A. Yes, Mr. Chairman. The amount totalled about \$166,589.57.

Q. And when did Mr. Cloutier make these recommendations?

The CHAIRMAN: Do I understand that this was a modification at the request of Mr. Cloutier?

Mr. WALKER: Yes.

By Mr. Walker:

Q. Is that correct, General Young? These were modifications of the plans and specifications on which the contract was let, made at the request of Mr. Cloutier?—A. I have not the exact dates but they all came at different stages of contract No. 6.

Mr. CHEVRIER: May I ask a question there, Mr. Walker, please?

Mr. WALKER: Certainly.

By Mr. Chevrier:

Q. May I ask if it is the practice in the department to submit to a director of an organization such as this printing bureau the plans and specifications for any suggestions he may have to make?—A. Oh, yes, Mr. Chairman.

Q. Was this done?—A. The original plans and specifications were checked with Mr. Cormier.

Q. Oh, no, no, no.—A. With Mr. Cloutier, the Queen's Printer.

By Mr. Walker:

Q. This is away back when they were supposed to be completed, in September, 1952. He did not make his suggestions in regard to the changes until subsequent to that time?—A. Yes.

By Mr. Chevrier:

Q. The question I was asking, if I may repeat it was, he was asked, was he not, to make his suggestions and recommendations with respect to the?—A. I cannot say whether he was asked or whether he originated them on his own.

Q. Perhaps Mr. Gardner could tell us if he was asked.

Mr. GARDNER: Normally we do not ask the other department.

Mr. CHEVRIER: What was that? I cannot hear you.

Mr. GARDNER: Normally we do not ask the other department. Once they have approved the plans, we go ahead and build with these particular plans.

Mr. CHEVRIER: I understood from General Young a moment ago that it is the practice in your department to ask—

The WITNESS: No. In the original design—that was what I was talking about, Mr. Chevrier. In the original plans, before we go to tender, when we have the plans completed we send them to the department concerned and ask them

for any comment, because we are going to be tough on any changes they make. Unfortunately and frequently one gets requests, as the work goes on, to have changes made.

By Mr. Chevrier:

Q. Am I right in saying that it is accurate that he was asked for his suggestions?—A. Originally.

By Mr. Crestohl:

Q. General Young, you were not there at the time, were you?—A. I came in and was on the job in January, 1954.

Q. That is right. How do you personally know whether he was asked or whether he was not asked?—A. I think I said, "I do not know".

Q. You do not know whether or not he was asked?—A. I said the normal procedure would be that we do not ask.

Q. You did say, though, that Mr. Cloutier had asked for certain modifications, or improvements, that cost \$1 million and some odd thousand?—A. That is correct.

Q. How do you know that?—A. Well, it is documentary, on the files.

Q. From what document?

Mr. WALKER: We are coming to that.

The CHAIRMAN: Mr. Crestohl, will you put your question to Mr. Gardner? Perhaps he can answer it.

Mr. CRESTOHL: Yes, it is immaterial to me whether Mr. Gardner or Mr. Young answers it. I would ask; from what document did you acquire the information that Mr. Cloutier requested certain modifications on the plans that cost one million and some odd thousand dollars?

Mr. WALKER: \$166,589.

Mr. CRESTOHL: \$166,589?

Mr. GARDNER: Reports in writing from the architect, Mr. Cormier, came to us indicating that changes had been requested. He was reporting on the cost of them.

Mr. WALKER: The indication was that—

Mr. CRESTOHL: To what document are you referring?

Mr. WALKER: There are various documents.

Mr. CRESTOHL: We would like to see some of them.

Mr. WALKER: If you will wait, we will get all of them.

The CHAIRMAN: To your personal knowledge was the request of Mr. Cloutier made?

Mr. GARDNER: Yes, made to Mr. Cormier.

Mr. CRESTOHL: What was that, Mr. Chairman?

The CHAIRMAN: The answer is, "Yes", Mr. Cloutier asked for these modifications.

Mr. CRESTOHL: Did he ask you, Mr. Gardner?

Mr. GARDNER: He asked Mr. Cormier, the architect.

Mr. CRESTOHL: You were not present when those requests were made?

Mr. GARDNER: I was not.

Mr. PICKERSGILL: I was interested in the observation made by Mr. Walker that if we wait we will get these documents. I thought we had all the documents.

Mr. WALKER: I understood you did not want the documents.

Mr. PICKERSGILL: Oh, no.

Mr. CAMPBELL (*Stormont*): Mr. Chairman, I think we should ask Mr. Cloutier these questions himself when he arrives tomorrow.

The CHAIRMAN: Order, please.

Mr. CHEVRIER: With all due respect to Mr. Walker—this is perhaps improper—the prosecuting attorney—

An Hon. MEMBER: That is an improper remark, Mr. Chairman.

The CHAIRMAN: Just a minute.

Mr. CHEVRIER: That is a most improper remark, in the same way as the remark made by Mr. Walker when he interrupted Mr. Pickersgill. That is why I predicated my remark by saying that mine was going to be improper. I object to the manner in which the examination of the witness is going on. I think if we allow Mr. Walker to pursue his examination perhaps we will get along much better and in a fairer way.

Mr. CRESTOHL: I request at once the production of the documents that were referred to. We do not want to wait until they are produced some time later, or maybe will not be produced at all.

Mr. CAMPBELL (*Stormont*): Why not ask Mr. Cloutier himself. He is going to be here tomorrow. Why not get the best view.

The CHAIRMAN: Just a minute. At the present rate Mr. Cloutier will not be here until next September.

Mr. WALKER: Gentlemen, I appreciate Mr. Chevrier's suggestion, and all we will do this morning then is to put on the record, with your permission, sir, the details of the request and then we can examine the documents when we have time to get the documents for you.

Mr. CRESTOHL: But you are reading from some document.

Mr. WALKER: I am reading from a summary of the documents.

Mr. CRESTOHL: May we have a copy of that summary?

Mr. WALKER: You may have mine.

Would you be good enough to tell us—

Mr. CRESTOHL: You have all the documents.

Mr. WALKER: I summarized it.

Mr. CRESTOHL: It would be easy to refer to a document as being dated so and so, or as exhibit so and so.

The CHAIRMAN: The chair has taken note of your request and we will do our best to get it.

By Mr. Walker:

Q. Would you be good enough to read into the record how the sum of \$166,589 is made up, please?—A. It was made up as follows: Raceways and floor slabs.

Q. That is mentioned as an extra in contract No. 6?—A. Yes. \$34,344. for raceways in floor slabs.

Q. What is next item?—A. Changes Clothing lockers; \$6,352.14. Telephone terminal boxes, \$2,214. No. 4; changes in layout of certain working areas, transparencies room and proof room in particular, \$37,698.24. Information counter, \$734.67. Security fencing, \$14,354.12. Outdoor lighting, \$34,702.80.

Q. Is that outdoor lighting or is it fencing?—A. Outdoor lighting.

By Mr. Winch:

Q. What does that have to do with the printing bureau?—A. Lighting of the grounds.

Q. Is that aesthetic?

The CHAIRMAN: It could be a security measure.

The WITNESS: Security. Changes in glazing from clear to amber, \$1,981. No. 9; changes in power room distribution system due to changes in the machinery positions, \$45,819.63. A total of \$178,200.87.

By Mr. McGee:

Q. I notice that you said there was a change in the glazing from white to amber. I noticed that it is green now. Is that a subsequent change?

Mr. WALKER: May I point out that we will find most of the information in the exhibits which have been produced.

The CHAIRMAN: Mr. Walker, could you finish this morning?

Mr. WALKER: Yes.

The CHAIRMAN: In four minutes?

Mr. WALKER: Do you mean finish with General Young and Mr. Gardner? If I have time, and if it is the wish of the committee, I will go over every item in No. 6.

Mr. WINCH: I would like to suggest, as there is only four minutes, that the best thing we can do is to adjourn now to have even the additional four minutes for a study to be made of all the documents which are in the hands of the various members.

Mr. PICKERSGILL: Is it understood that General Young and Mr. Gardner will be here tomorrow?

The CHAIRMAN: Yes.

Mr. WALKER: Mr. Cloutier is an older man, and would you not like to have him on first?

Mr. PICKERSGILL: No. I and my colleagues do not wish to leave General Young and Mr. Gardner until we have had an opportunity to bring out all the facts.

The CHAIRMAN: Then, we will continue tomorrow and Mr. Cloutier can cool his heels.



HOUSE OF COMMONS

First Session—Twenty-fourth Parliament
1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

FRIDAY, AUGUST 15, 1958

WITNESSES:

Major General H. A. Young, Deputy Minister and Mr. E. A. Gardner,
Chief Architect, Department of Public Works.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton, (d)

Vice-Chairman: Mr. Richard A. Bell (*Carleton*) (a),

and Messrs.

Badanai	Granger	Nasserden
(b) Benidickson	Grenier	Nugent
Bissonnette	Hales	Pickersgill
Bourget	Hanbidge	Regier
(b) Broome	Hardie	Smith (<i>Simcoe North</i>)
Campbell (<i>Stormont</i>)	Keays	Smith (<i>Winnipeg North</i>)
Campeau	Lahaye	Spencer
(f) Carter	Macdonald (<i>Kings</i>)	Stewart
Cathers	MacRae	Valade
(i) Chevrier	Martel	Villeneuve
Coates	McGee	(e) Walker
(c) Crestohl	McGregor	Winch
(j) Dorion	McMillan	Wratten
Drouin	Morissette	Yacula
(g) Doucett	(k) Morris	
(l) Drysdale	Morton	
Fraser	Murphy	

Antonio Plouffe,
Assistant Chief Clerk of Committees.

- (a) Replaced Mr. Campbell (*Lambton-Kent*) on July 8.
- (b) Replaced Mr. Boulanger on June 12.
- (c) Replaced Mr. Denis on July 31.
- (d) Replaced Mr. Crestohl on July 9.
- (e) Replaced Mr. Small on July 9.
- (f) Replaced Mr. Houck on August 6.
- (g) Replaced Mr. McCleave on August 12.
- (h) Replaced Mr. Morris on August 12.
- (i) Replaced Mr. Ribichaud on August 13.
- (j) Replaced Mr. Bourbonnais on August 15.
- (k) Replaced Mr. Allmark on August 14.
- (l) Replaced Mr. Horner (*Acadia*) on August 14.

ORDER OF REFERENCE

FRIDAY, August 15, 1958.

Ordered,—

That the name of Mr. Dorion be substituted for that of Mr. Bourbonnais on the Standing Committee on Public Accounts.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

FRIDAY, August 15, 1958.
(8)

The Standing Committee on Public Accounts met at 9.30 a.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Bissonnette, Bourget, Broome, Campbell (*Stormont*), Campeau, Carter, Cathers, Chevrier, Crestohl, Doucett, Drysdale, Grenier, Hanbidge, Keays, Macdonald (*Kings*), Maenaughton, MacRae, Martel, McGee, McGregor, Morris, Morissette, Morton, Murphy, Nugent, Pickersgill, Regier, Smith (*Simcoe North*), Spencer, Stewart, Valade, Ville-neuve, Walker, Winch and Wratten. (37)

In attendance: Major General H. A. Young, Deputy Minister; Messrs. E. A. Gardner, Chief Architect; D. A. Freeze, Director, Property and Building Management; and J. O. Kemp, Contracts Division, Building Construction Branch, Department of Public Works.

The Committee resumed its examination of the Deputy Minister and the Chief Architect of the Department of Public Works, in relation to the construction of the National Printing Bureau.

Major General Young was called. He sought and obtained authorization to correct a figure relating to the total of an extra in Contract No. 6, the exact total of which he gave as \$209,499.08 This figure should appear in Issue No. 5.

The witness tabled, in compliance with the request of Mr. Bourget, six copies of a boring report. These copies were marked Exhibit P-4.

Messrs. Chevrier and Pickersgill raised points of order respecting a comment of Mr. Walker and a reference to the lowest bids respectively.

The Chairman read a letter addressed to him by the Auditor General under date of August 6th with respect to the selection of the site for the Printing Bureau.

The Committee agreed to allow Mr. Chevrier to follow Mr. Walker. Accordingly, Mr. Chevrier examined the witnesses on:

1. Estimates made by Mr. Cormier on each contract;
2. Total of the lowest bids;
3. On the real cost of the building;
4. On the reasons given for the additions in the contracts.

Before questioning General Young and Mr. Gardner, Mr. Chevrier quoted from the House of Commons Hansard for the year 1951, particularly from a statement of the then Minister of Public Works in respect of the total estimates of the expenditure for this building.

In view of the fact that General Young's examination had to be continued, the Queen's Printer's appearance tentatively set for Monday was deferred.

At 11.05, the Committee adjourned until Monday, August 18th at 9.30 o'clock, to again hear the Deputy Minister of Public Works.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

FRIDAY, August 15, 1958.
9.30 a.m.

The CHAIRMAN: Gentlemen, it is 9.30 precisely, let start. There are a few matters of routine proceedings to take up right now.

Major General Hugh A. Young, C.B., C.B.E., D.S.O. (Deputy Minister of Public Works), called.

By the Chairman:

Q. General Young, I believe you have one or two answers to table. There was a question from Mr. Bourget, I think.—A. Mr. Chairman, Mr. Bourget requested borings report, which I would now like to file.

The CHAIRMAN: That will be filed as exhibit P-4.

The WITNESS: Secondly, Mr. Chairman, when I was giving evidence on the items which were incurred by revised requirements by the Queen's printer I itemized some nine amounts. Now, those itemized amounts were correct as reported, but in my total there was a mistake in addition, and that addition is rather a bad one, which I gave as \$166,589.57. It should have read \$209,499.98. I apologize, Mr. Chairman, for that bad error.

The CHAIRMAN: Gentlemen, now that more members are here, might I just point out one or two things your steering committee decided on yesterday. We decided this morning to proceed, of course, with General Young, and I hope that Mr. Walker will hurry his examination up so that an opportunity may be given to other members of this committee to examine General Young.

Then, we also decided that Mr. Cloutier should come on Monday next, and if necessary we can proceed with General Young after that.

Perhaps, Mr. Walker,—will you speed it up as fast as you can.

Mr. WALKER: I would be delighted to, yes. Nothing could please me more than to get through all this.

By Mr. Walker:

Q. A couple of corrections, General Young. You spoke about the Supreme Court of Canada building, and the air conditioning there, and at the time had not recalled whether you had called in consultants. What did you find out?—A. On checking I find we did employ consultants—Angus and associates of Toronto.

Q. And did they confirm your own findings?—A. They confirmed what our departmental engineers had found out about the air conditioning.

Q. The air conditioning was inserted there by Mr. Cormier—Correct?—A. Yes, they confirmed that the air conditioning was not satisfactory.

Q. Now, beginning with the price of the land of \$1,825,765, how much of that is actually taken up by the building?

Mr. PICKERSGILL: I wonder, Mr. Walker, if I could just make a point of a non-contentious nature. You will recall that the steering committee the day before yesterday, when I was present, said we were going to proceed with the inquiry into the building and complete that, and allow the members to ask

questions about that before we started on the land. If we could hold the land over, of course we would give you priority when it comes up.

By Mr. Walker:

Q. Would you answer my question: How much of that property has been used by the actual building? All right, we can come back to that?—A. You want approximate figures?

Q. Yes?—A. It was about \$500,000 actually it was, \$545,000 for the printing bureau property itself. Some \$1,300,000 of that land was for the Federal District Commission development.

Q. Around it, to set it off?—A. Yes.

Q. Then, in your work, for instance, have you received any pressure as to what should be done in the allocation of contracts?

The CHAIRMAN: What do you mean by that question?

By Mr. Walker:

Q. In handing out the contracts to different parties, have you received any pressure from within the government or any other place?—A. Well, when we called tenders on the moving of the equipment; that is separate from the actual building itself. After a building is completed we have to effect a move which, incidentally Mr. Chairman, has not been charged in this amount because I felt it was not part of the construction.

We called from a list of those whom we consider qualified to carry out the move, and we asked four companies to tender. Hurdmans had the lowest tender, and we proceeded to make the award to Hurdman's. But there were representations made that we should have given the award to Mr. Baillargeon.

Q. Hurdman's tender was \$144,553.80?—A. I will ask Mr. Freeze to confirm that.

Mr. FREEZE (Department of Public Works): That is right.

Mr. WALKER: J. B. Baillargeon Limited of Montreal was \$285,000—is that correct?

Mr. FREEZE: Yes.

Mr. WALKER: That is about half the price. Did you award the contract to Hurdman's?

Mr. FREEZE: We did.

Mr. WALKER: What objections did you get during the negotiations and before you awarded it?

Mr. PICKERSGILL: On a point of order, Mr. Chairman; General Young has pointed out that this is not in the material that is before us now. It does seem to me—I do not want in any way to restrict Mr. Walker's questions, but we are opening up a new aspect here. We are on the detail of the building itself, and all the members were to be allowed to question on the building before we opened up another section.

By the Chairman:

Q. It seems to me there are three points. What year was this tender placed in?—A. 1956.

Q. So that you were in charge at that time?—A. Yes.

Q. The second is that moving expenses would be necessary in any event, would they not?—A. That is correct.

By Mr. Walker:

Q. Who was it who objected to this?—A. Senator Fournier.

Q. Senator Fournier, mayor of Montreal, is that correct?

The CHAIRMAN: It seems to me, Mr. Walker, we are going a little far. Is this pertinent to the construction of the building?

Mr. WALKER: It is certainly pertinent.

Mr. CATHERS: Mr. Chairman, we are, I understand, investigating the printing bureau. I think this certain phase of the printing bureau was part of the construction, and I think we are entitled to get the answer to this question.

By the Chairman:

Q. The point surely is this: It is necessary to move from building A to building B. That is a necessary expense in any event. Two tenders at least were called?—A. Four tenders.

Q. It was awarded to one of them. Who awarded that?—A. The treasury board approval.

Q. Do we need to go any further than that?

Mr. CRESTOHL: The one point is whether it was awarded to the lowest tender, and if it was that ends the matter.

The CHAIRMAN: That came up this morning; it was.

By Mr. Walker:

Q. Did Senator Fournier try and have you fired for awarding it to Hurdman?

Mr. CHEVRIER: That is entirely improper. I must object to this line of questioning.

Mr. WALKER: Do you not want the facts? You were sent down here to gag this committee. That is the only reason you are on it.

Mr. CHEVRIER: Mr. Chairman, I object to that remark, and I might say now that I am disappointed at the disgraceful manner in which this committee is carrying on.

Mr. WALKER: You are trying to gag the committee.

Mr. CHEVRIER: Surely you have done enough talking and I can be allowed to say something. The question is not only irrelevant; the question is, in my opinion, not pertinent to the inquiry which we have before us, and which is to find out whether the public got proper value for its money.

Mr. WALKER: Wait until we get to the St. Lawrence seaway. We start that next year.

Mr. PICKERSGILL: Or the Uplands airport next year.

Mr. WALKER: I hope you will be here.

Mr. CHEVRIER: I hope you do go into the St. Lawrence seaway, in all its phases.

Mr. WALKER: We will.

Mr. CHEVRIER: I am saying today that I have been threatened by you this morning, and by others during the campaign, that if I was not careful about statements I made during the campaign, that there would be an investigation into the St. Lawrence seaway.

Mr. WALKER: I never talked to you in my life.

Mr. CHEVRIER: I am making the statement here and now that I hope the St. Lawrence seaway will be investigated, in all its phases. And I will be glad to come and give all the evidence that I am asked to give.

Mr. WALKER: Let us have an answer to the question.

Mr. CHEVRIER: Just a minute; I rose on a point of order, in answer to counsel who said I was trying to gag the committee—although I have been here just a few short minutes. I took objection to this question because the contract in this case was awarded to the lowest tender; and what you are trying to do is to bring in a suggestion made by a senator, which has absolutely nothing to do with this reference. I protest, sir.

Mr. WALKER: The senator wanted a contract for twice as much.

Mr. PICKERSGILL: But he did not get it.

Mr. WALKER: He wanted Major General Young fired for not giving it to him.

Mr. CRESTOHL: Mr. Chairman, Mr. Walker is giving evidence himself now. I think this is unfair.

Mr. WALKER: I will bring it out by General Young.

Mr. CRESTOHL: We are looking for the facts, and the fact came out that the contract was given to the lowest bidder.

Mr. CHEVRIER: I would like to continue if I may, Mr. Chairman.

An hon. MEMBER: May we have some order to this meeting?

The CHAIRMAN: Yes. I think that Mr. Chevrier is entitled to finish his remarks.

Mr. CHEVRIER: I object to this form of cross-examination. I also object, if I may, respectfully, to the disgraceful manner in which some of the comments have been made here from time to time.

Here is what I want to say: this is not an inquisition. I do not think that the members of this committee should pass judgment before the committee has handed down its report. That is what this committee has been established for,—to hand down a report, and to make a study.

What is happening in this committee? What is happening is this—

Mr. WALKER: You have been sent to gag it.

Mr. CHEVRIER: Just allow me to finish.

What has happened in this committee is this: members are making statements, pre-judging the report which the committee will bring in, which I say they have no right to do under the rules of parliament.

I read with a great deal of apprehension what took place in Hull the other day when these—

Mr. WALKER: Mr. Chairman, has this anything to do with the work of this committee?

Mr. CHEVRIER: I believe it has.

The CHAIRMAN: I think this is a good time to clear the air for the next two or three minutes.

Mr. CHEVRIER: I would like to go on and say that I was extremely surprised at the method which was taken by the members of this committee to interview Mr. Cloutier in Hull. After all, the committee did not adjourn to go over there and ask him questions. He is going to be called here. Instead, a series of questions was asked and judgments were made in advance.

After the end of these questions this was said, "This guy has had enough. Let us leave him alone." Do the hon. members of this committee think that is a fair method?

Mr. CAMPBELL (Stormont): I do not think that was said at all, Mr. Chevrier. I do not think those words were ever said at all.

An Hon. MEMBER: Were you there, Mr. Chevrier?

Mr. CHEVRIER: No, but I read the report.

Mr. CAMPBELL (*Stormont*): You read the report but it was erroneous in that respect. Mr. McGee's exact words were—where is he?

Mr. CHEVRIER: If the report was erroneous I accept that correction, but it was reported "that this guy had had enough". I do not think that is a fair way of carrying on.

I have come here to try and assist the committee. I am going to sit down and I am going to allow you to carry on your examination and I hope I will be given the same privilege afterwards.

Mr. WALKER: You certainly will.

The CHAIRMAN: In regard to this question in respect of a certain senator, it seems to me that the deputy minister is still in office and that fact should answer the question. I would suggest to you that we drop that question.

Mr. WALKER: I am suggesting that I am entitled to ask that question. It is very pertinent to this whole matter and goes to the root of the whole matter.

My question is this: Baillargeon's bid was \$285,000 to do the moving. The Hurdman Brothers of Ottawa bid \$144,553. Before that contract was awarded to Hurdman were you, General Young, put under most extreme pressure by Senator Fournier, who threatened to have you fired unless you awarded it to Baillargeon?

Mr. CHEVRIER: I object to that line of questioning.

Mr. PICKERSGILL: I rise on a point of order. My point of order is that we have certain terms of reference from parliament to whom we are responsible and for whom we are an agent. Our terms of reference are, to inquire into these expenditures to see whether or not they are properly, economically and efficiently made. We were not asked to inquire into gossip and rumours about the conduct of members of Parliament. We are not here to do this. It is none of the business of this committee at all to be making McCarthy-like inquiries of the character that have just been made.

Mr. WALKER: I object to that.

Mr. PICKERSGILL: I suggest that since this contract was let to the lowest bidder, and since the deputy minister is still in his position, that this is totally irrelevant and the sole purpose of asking this question is to prevent us from asking questions about the facts.

Mr. MORTON: You are afraid of the facts.

The CHAIRMAN: I think I can settle this very quickly. As chairman I am going to exercise my privilege and ask one or two questions.

By the Chairman:

Q. General Young, you have heard the testimony this morning?—A. Yes, Mr. Chairman.

Q. You have heard that you were subjected to pressure?—A. Yes, Mr. Chairman.

Q. Did you submit to that pressure?—A. No, I did not.

Q. Are you still the deputy minister?—A. Yes.

Mr. WALKER: Ask him if he was subjected to pressure.

General Young, were you subjected to pressure by Senator Fournier?

Mr. BOURGET: Mr. Chairman, may I ask General Young a question?

By Mr. Bourget:

Q. When my friend, Mr. Walker, says you were under pressure, who was the minister at that time?—A. Mr. Winters was the minister.

Q. Who was the parliamentary assistant?—A. Mr. Maurice Bourget.

Q. Who supported you?—A. Mr. Winters and Mr. Maurice Bourget.

Q. Thank you.

The CHAIRMAN: Let us now proceed in some sort of a state of harmony.

Mr. WINCH: May I suggest, Mr. Chairman, that if each of us exercises a little restraint, perhaps we can get down to the work before us.

The CHAIRMAN: Have you any more questions, Mr. Walker?

Mr. WALKER: Just a moment.

By Mr. Walker:

Q. Mr. Cormier will be coming again, soon, General Young. He has made a statement to the effect that the air conditioning at Hull could have been corrected by an expenditure of \$30,000 and that your department had refused to make that expenditure to correct it. Is that correct?—A. Mr. Chairman, not exactly that way. Mr. Cormier suggested that there should be a spare unit, the cost of which was about \$30,000. That did not cover the many other aspects which we feel are necessary and which have been confirmed as being necessary by Mr. Moffat, the consultant.

Q. Is Mr. Moffat the expert in air conditioning, from Weston?—A. He is from Hamilton.

Q. From Hamilton, Yes.

Has he confirmed your estimate of approximately \$700,000 as the cost of correcting the air conditioning system there?—A. Yes, Mr. Chairman.

Q. Yes.

When studies were made in regard to erecting this building, what was the first estimate of the cost of the building, say in 1945 to 1946?—A. There was none at that time, Mr. Chairman.

The CHAIRMAN: Should not that question be directed to Mr. Gardner?

Mr. WALKER: No. This is the information I received from General Young.

Mr. PICKERSGILL: Mr. Chairman, I am going to rise on another point of order. I think we have had enough hearsay evidence. I think it is very unfair to the deputy minister to be asking him questions in regard to things that happened before he had any personal knowledge of the administration of the department.

Mr. WALKER: It is from the records only that I am asking him these questions. I do not want him to answer anything that is not in the record.

Mr. CRESTOHL: Mr. Chairman, I would suggest that if General Young is speaking from a record, the record from which he is speaking should be produced.

Mr. WALKER: I thought you did not want us to do that.

Mr. CRESTOHL: Yes, we always wanted you to do that.

The CHAIRMAN: That matter was settled yesterday. Let us not open the door again.

The WITNESS: Mr. Chairman, I have here the various estimates given by Mr. Cormier for each contract.

By Mr. Walker:

Q. Yes?—A. The first over-all estimate was not given until October 27, 1952.

Q. Yes—A. That estimate was for the last contract only.

Q. Yes?—A. Again we have the estimates given for each contract as it came along.

Q. Yes. The one estimate made in earlier years was just a rough estimate, was it, before Mr. Cormier was called in?

Mr. CHEVRIER: Mr. Young was not there at that time, Mr. Walker.

By Mr. Walker:

Q. Have you any files in regard to the original estimate for the erection of the printing press?—A. No, Mr. Chairman.

Q. No, all right.

In connection with contract No. 6—I have not gone over that in detail, but there are a great many additions to it—perhaps we could leave them to my friend, Mr. Pickersgill, or Mr. Chevrier.

Mr. PICKERSGILL: Mr. Chevrier will deal with them.

Mr. WALKER: Yes, you are just a first-year law student, Mr. Pickersgill.

Mr. SMITH (*Simcoe North*): I have just two questions and I think they are both non-contentious.

By Mr. Smith (Simcoe North):

Q. General Young, is there anything in the records of the department that indicates that the Federal District Commission made any specific recommendations as to where in Hull this building should be located?—A. I am afraid I can only answer that as a result of what I have learned from the files.

Q. Yes, that is what I said; “on the files”.—A. It does imply that the Federal District Commission did play a part.

Q. They played a part in regard to the selection of this particular site, or in regard to the general decision to locate it in Hull?—A. They played a part in regard to the general area.

I think you will recall that in the first evidence I gave I indicated there were two developments; one was the necessity for a printing bureau, and the second one was the desire on the part of the government to expand the federal district on the north side of the river, and the two finally came together.

Originally there was no decision that the printing bureau should go to Hull. But the desire to have an outstanding building, and the desire to develop the F.D.C. came together.

Q. How much of the work on this building was actually done by the Concrete Construction Company or the general contractors?—A. It is the total cost of the building less the excavation.

By Mr. Walker:

Q. I have found the source. Please tell us about the preliminary studies of the Department of Public Works on the cost of erecting a printing bureau. Perhaps Mr. Gardner could tell us that.

Mr. GARDNER: The original request which appears in Department of Public Works records for a printing bureau building—the original request which appears in our records is dated 1945. There were studies made of the building at this time.

There was an estimate made of the cost of the building which was something in the nature of \$2,300,000 approximately.

Q. What year was that?—A. 1945-46; this was discarded and was never used again. The building proved to be too small for the purpose.

Q. The first order in council which went through was for an expenditure of \$6 million?—A. That is right; that was for the payment of the architect.

The CHAIRMAN: If the hon. member who asked the previous question—using it as a legal term—would refer to No. 1 and No. 2 of our minutes of proceedings, he will see that Mr. Watson Sellar discussed that precise point.

Mr. SMITH (*Simcoe North*): Thank you.

The CHAIRMAN: I have a letter from Mr. Watson Sellar which is right on the point. I appreciate it that a letter is not the best evidence, but I shall read it. It reads as follows:

Office of the Auditor General
Canada
Ottawa, 6 August, 1958

Dear Mr. Macnaughton,

On coming back to my office from the meeting of the committee, it crossed my mind that there was a reference in the Gréber report to the selection of the site for the printing bureau. I have looked it up. The quotation that follows appears both in the preliminary report and in the general report issued in 1950. It is on page 210 and reads:
'Printing Bureau

The printing bureau, inadequately housed on Nepean Point, requires a new building adapted to its growing needs. In keeping with our proposals, a site has been acquired by the government in Hull, on Sacred Heart Boulevard.

The plans have been prepared for this new imposing building, the construction of which will commence the gradual rehabilitation of a part of the city of Hull, which is now blighted. The building will be accessible from all sides by direct arteries—Sacred Heart Boulevard, Laurier Avenue, and a new boulevard connecting Laurier, through Reboul and Montclair, to St. Joseph Boulevard.'

In view of the interest that Mr. Walker is taking in the matter, I enclose a duplicate of this letter in case you wish to pass it on.'

Yours sincerely,
Watson Sellar.

Mr. CATHERS: When they built this plant were there any experts on printing bureau construction or that type of thing called in?

One of the most modern buildings that I have seen of a printing bureau nature was built for the Maclean Hunter people on North Yonge street, and it is all on one floor.

My observation the other day over in Hull was that there was a great deal of space wasted on elevators and corridors which would have not been necessary if it had been all on one floor.

Was any consideration given to the idea of putting that building all on one floor in the original plan?

Mr. WINCH: Was not Mr. Powers, the architect for the Maclean Hunter building in Toronto, originally hired for about two years in the original planning of this building?

Mr. GARDNER: That is right.

Mr. BELL (Carleton): I think we should permit Mr. Chevrier to proceed, Mr. Chairman, and I think the other members of the committee should maintain silence and give Mr. Chevrier the full right to proceed.

Mr. CHEVRIER: Thank you.

Mr. BELL (Carleton): I think that was the view of the steering committee and I think it would be the view of all members of the committee.

The CHAIRMAN: Please proceed then, Mr. Chevrier.

By Mr. Chevrier:

Q. Before I proceed, Mr. Chairman, I would like to make this opening statement.

As I said earlier, I believe it is the duty of the committee to review the expenditures that have been made in connection with this project and to see that the money voted by parliament is not spent improperly or wastefully.

Thus far as I have read the evidence and seen the reports, there is no suggestion in the committee of any impropriety.

Mr. WALKER: Mr. Chevrier is obviously attempting to prejudge this matter. He is now giving a written judgment on the matter himself, in spite of the fact that he objected to a pre-judgment.

Mr. CHEVRIER: What I propose to do, Mr. Chairman, is to make an opening statement—with which you may disagree afterwards if you want to—and then I shall proceed to ask questions.

Mr. WALKER: Mr. Chairman, is Mr. Chevrier entitled to make an opening statement?

Mr. CHEVRIER: Yes, according to the usage of the house, I am.

Thus far, as I view the evidence, I can see no evidence of impropriety. There may be evidence of waste and extravagance. That is a matter towards which I should like to address myself now by way of questioning.

I wish to direct my questions to two points: first, what was the real cost of this project, or the real estimate?

I have come to the questions themselves: why were the extras necessary and were they handled efficiently and economically?

I shall not seek to embarrass the witnesses in any way. I shall not seek to produce hearsay evidence. I shall try not to ask General Young any questions which have to do with the period when he was not there. If I should do so, perhaps he would be good enough to stop me; I mean that I shall not ask him any questions which have to do with the period when he was not there, prior to his appointment. I shall try to ask such questions of Mr. Gardner.

Well, with that in view, and with that statement, I think, Mr. Chairman, I shall start with the estimate that was made of this project and the statement that was made in the House of Commons by the former minister, on June 28, 1951, at page 4823 of *Hansard*.

It reads as follows:

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, when we last discussed the estimates of the Department of Public Works the hon. member for Calgary East asked me a question about the estimated cost of the printing bureau at Hull. He had put a question on the order paper and we had answered it to the effect that the original estimate was \$11,300,000 and that the actual estimate was \$11,300,000. He thought these two figures did not agree because there was an interval of time of two or three years between the two estimates.

I find he was right. I have had a memorandum prepared by the officers of the department, and they say that in 1946, when it was decided to look into the question of relocating and rebuilding the printing bureau, it was considered then that to replace the facilities in the present printing bureau and to expand them to the point where they would meet the requirements of today, an expenditure in the neighbourhood of between \$8,000,000 and \$10,000,000 would be required.

I stop there. I would like to ask Mr. Gardner this question: is he aware that this statement was made by the minister in the house?

Mr. GARDNER: I have never read it before, sir, no.

Mr. CHEVRIER: Can you tell me on what the minister based his approximation of the cost when he made that statement on June 28, 1951?

Mr. GARDNER: I would expect he was using the figures which would have been given to treasury board in our main estimates.

Mr. CHEVRIER: Did you not prepare for him a memorandum leading up to this estimate which he gave to the house?

Mr. GARDNER: I cannot say I personally did it. I was not the chief architect at the time.

Mr. CHEVRIER: Using your experience as an architect in the Department of Public Works, if in 1946 a building of this kind would cost between \$8 million and \$10 million what would the same kind of building cost today in 1958?

Mr. GARDNER: The index in 1946, as far as construction purposes were concerned, was approximately 100; it may have been slightly below that. 1949 was the 100 index. The index today has risen something in the nature of—and here I am going on memory—40 per cent.

The CHAIRMAN: A 40 per cent increase?

Mr. GARDNER: Yes.

Mr. SPENCER: As of today?

The CHAIRMAN: In twelve years.

Mr. CHEVRIER: May I continue with the statement, still reading from page 4823:

In the next year, 1947, we had come to the conclusion that the job was of such magnitude that the best interests of the public would be served by our engaging an industrial engineer, experienced in the construction of public printing plants. We accordingly made arrangement with Mr. M. E. Powers, of Chicago, who made a trip to Ottawa, and we worked with him and the King's Printer in an endeavour to determine primarily the facilities to be provided...

Mr. SPENCER: May I rise on a point of order. I think that is an improper way to present a question to the witness. Mr. Chevrier, in my opinion, is reading into the record what appears to be a statement of fact.

Mr. CHEVRIER: It is a statement of fact.

Mr. SPENCER: You are reading it into the record for the purpose of informing the witness and for the purpose of establishing that as part of the record of this case. I think you can ask the question simply without reading into the record a statement of somebody else.

The CHAIRMAN: Yesterday two of our members quoted from Hansard quite extensively, one of the members being a Liberal and the other Conservative. I think this is very material to a general understanding of the problem. We have to give a little leeway here. Considerable leeway was given in the presentation. Our business is to find out what are the basic facts. It is up to each member to decide which is a proper way, subject to general conduct by the chairman.

Mr. CHEVRIER: I continue:

.... and we worked with him and the King's Printer in an endeavour to determine primarily the facilities to be provided, and, secondly, the size and type of building required to have them operate in the most economical way.

This is the point:

Two years later, in 1949, after we had studied the problem and determined the size of the building, we engaged the services of a Montreal architect to prepare detailed plans and specifications. In April,

1949, we received a preliminary estimate from him of \$9,293,818. This estimate has been revised since 1949, and on May 1, 1951, the estimate given by our architect is \$11,300,000.

Now then, the question I ask here is, could you tell us, Mr. Gardner, on what this estimate was based?

Mr. GARDNER: Which figure do you mean?

Mr. CHEVRIER: The \$11,300,000.

Mr. DRYSDALE: Should you not ask Mr. Fournier?

Mr. CHEVRIER: No, because the person who was there at the time was Mr. Gardner.

Mr. GARDNER: I have not come across either of those figures.

Mr. CHEVRIER: Could I ask this: is there a memorandum in the department which was prepared for the minister indicating how the \$11,300,000 was arrived at?

Mr. GARDNER: I would think there would be.

By Mr. Chevrier:

Q. Would it be possible to obtain that?—A. Yes. I have been through the files and I cannot find that. I cannot find any estimates. They may have been given directly by Mr. Cormier to the minister or to the deputy minister; I do not know. We will create another search.

Mr. CHEVRIER: I have your assurance that that will be done? I will continue the quotation:

Mr. HARKNESS: I should like to thank the minister for that statement, because it clears up some of the points I questioned before.

Mr. MURPHY: May I interject. In view of the answer given now by the architect it would seem, they having no record in the department of how that estimate was made, that Mr. Fournier simply made a guess.

Mr. PICKERSGILL: I might point out that Mr. Fournier stated, on his responsibility as a member in the house, that he had a memorandum prepared by the department, and I think that General Young has given us assurance that he will make a search for that document.

An hon. MEMBER: He said he had made a search and there was no record.

The CHAIRMAN: The point is very clear. Mr. Gardner is architect in chief at the present time, and at that time, presumably, when the memorandum was prepared, he was assistant; is that right?

Mr. GARDNER: I was senior supervising architect at that time.

Mr. PICKERSGILL: In 1951?

Mr. GARDNER: I was assistant.

Mr. MURPHY: The deputy minister has said that they have no record in the files.

The CHAIRMAN: No.

Mr. MURPHY: No record of any statement having been prepared?

The CHAIRMAN: No. Their statement was that they would go back and make a search.

Mr. MURPHY: General Young said he did make a search.

Mr. BELL (Carleton): Let's give Mr. Chevrier the right-of-way.

By Mr. Chevrier:

Q. Will you agree with me that an estimate is an approximate calculation of what a project will cost?—A. Yes. There are two types of estimates. There

is what is called a preliminary estimate. Normally, in our procedure in the department, when a building is required we get out sketch plans and obtain the cubical area of the building to be constructed. That is generally reasonably accurate, but it is only called a preliminary estimate. When the plans and specifications are completed, then a more careful analysis can be made of the costs. That is called the final estimate for the project.

Q. Proceeding further with that, is not the true estimate, the sound estimate, what the lowest contractor will take to put up the building?—A. That is correct.

Q. In this case would you be so good as to give the total of the low bids on the six contracts and let me know what that amount is?—A. The total estimates?

Q. No, the total of the low bids for the six contracts.

Mr. BELL (Carleton): Without any additions at all.

By Mr. Chevrier:

Q. Yes. Without any extras.—A. The answer is \$10,874,261.

By Mr. Drysdale:

Q. Could we have the figures which went into that estimate please?

Mr. CHEVRIER: No, that is not an estimate; that is the total of the low tenders.

The WITNESS: On contract No. 1—\$55,000; contract No. 2—\$154,000; contract No. 3—\$71,875; contract No. 4—\$1,771,219; contract No. 5—\$822,185 and on contract No. 6—\$7,999,982.

By Mr. Chevrier:

Q. Would you be good enough to add to that the cost of the land and the appraiser's fees?—A. The cost of the land?

Q. Yes, which was \$1,815,618.30—A. Which included the Federal District Commission land?

Q. Yes?—A. The cost of the land altogether was \$1,815,618.30

Q. What was that amount again?—A. \$1,815,618.30.

By Mr. Macdonald (Kings):

Q. For how many acres of land?—A. 133 acres. You want the total now of the land and building?

Mr. CHEVRIER: Yes. Would you include the appraiser's fees; the appraiser's fees and the architect.

By Mr. Campbell (Stormont):

Q. Was all this land required for the one building?

The CHAIRMAN: That will come out.

The WITNESS: Additional appraiser and other fees—\$64,189; and for consultant fees—that is Powers'—\$42,904; and for Cormier's fees as consultant architect—he was paid \$548,459.

By Mr. Pickersgill:

Q. If I could ask a question for the sake of clarification; that is the total fee for Mr. Cormier, but his fee was calculated—there would be a fee on the low bids; and in order to get a proper estimate of the expected cost we could not take the total amount; we should take whatever the percentage is of the low bids, or is it figured on the low bids now?—A. No, it is figured on the contract—on the estimates.

Mr. CATHERS: His fee is based on the cost of the building, not on the bids.

Mr. PICKERSGILL: Mr. Chairman, all Mr. Chevrier is trying to arrive at is what was the best estimate of what this would cost, and it would not be fair to include the total cost of his fee. I think the part that is based on the—

The CHAIRMAN: Mr. Chevrier, will you please proceed.

By Mr. Chevrier:

Q. Will you give me the total, with these three additions?—A. The fee figure will have to be corrected because we took it on the final. The answer, Mr. Chairman, is \$13,340,672.

Q. Would you please repeat that figure again?—A. \$13,340,672.

Q. Next then, may I repeat again that the soundest estimate one could get for any public project is the total of the low bids, and that is what you have given me; and that amount is \$13,340,672. So am I fair in saying that is the lowest amount for which the department could have expected to get the building?—A. Yes, that is correct, Mr. Chairman.

Mr. WINCH: Based on the type of specifications.

Mr. CHEVRIER: Oh sure.

Mr. PICKERSGILL: Based on the kind of building it was.

Mr. CHEVRIER: Now when the minister rose in the house in 1951 he gave as the estimate \$11,300,000; and the next year in 1952, I think, or perhaps it was 1953—is it 1953? In the next year or in 1953—

Mr. PICKERSGILL: Mr. McGee read a reference yesterday which gave the figure.

By Mr. Chevrier:

Q. In 1953 the least the department could get the building for was \$13,340,672; is that correct?—A. Yes.

Q. Well now, may I go on. Could you give me Mr. Cormier's estimate, as compared with that?—A. As I said before Mr. Cormier's estimate, the first one I could find on the file, related to the No. 6 contract, and that was given on October 27, 1952.

Q. Well, have you an estimate from Mr. Cormier covering all of the contracts?—A. I have them individually, Mr. Chairman.

By Mr. Pickersgill:

Q. Would not it be a good thing to have all those individually, and we could add them up and see what they amount to?—A. The estimate, Mr. Chairman, on contract number 1 was \$282,500.

By Mr. Cathers:

Q. That is for the excavating?—A. This is Mr. Cormier's estimate for contract number 1, the excavation.

Q. \$282,000?—A. \$282,500.

Q. What date is that, General Young?—A. It would be made just prior to the tender close, which would be April, 1949.

By Mr. Chevrier:

Q. In April of 1949. Now, could we have those *seriatim*, please?—A. His estimate on number 2, that is, on the construction of the footings, his estimate was \$204,730.

By Mr. Cathers:

Q. Date?—A. The date would be October, 1949.

By the Chairman:

Q. That is the date of calling of tenders?—A. These estimates come in just before the tenders close.

By Mr. Chevrier:

Q. Those are Cormier's estimates?—A. Yes.

By Mr. Bell (Carleton):

Q. Just before the tenders were called, or before they were closed?—A. Just before they closed. Did I give contract 3?

By Mr. Chevrier:

Q. No.—A. Contract 3—and the tenders closed on that in May, 1950, for these diesels, the estimated amount given by Mr. Cormier was \$125,000.

On contract number 4—and this is dated, August 17, 1950, this is for the concrete frame for the main building, the estimate given is \$2,403,000.

By Mr. McGregor:

Q. What date was that?—A. August 17, 1950 and the tenders came in on August 23; so that proves what I was saying, just before the tenders close.

By Mr. Walker:

Q. In each instance did they come in before the close, but after the call?—A. After the call and before the close.

Q. Never before the call did they come in?—A. The records do not show that.

Mr. CHEVRIER: I would appreciate it, Mr. Walker—

Mr. WALKER: I am trying to help you.

Mr. CHEVRIER: I would appreciate it if you would ask questions after I have finished.

Mr. WALKER: Thank you very much.

By Mr. Chevrier:

Q. Number 4?—A. Number 4 was \$2,403,000.

Q. Number 5?—A. Contract number 5, which is again undated, but would be in January 1952, is \$913,000.

Q. Is that January 1952 or 1951?—A. January 1952. The tenders were called on December 12, 1951, and tenders were closed on January 30, 1952.

Mr. STEWART: In the appendix to the proceedings it is 1950 and 1951.

Mr. SPENCER: That should be corrected then.

By Mr. Chevrier:

Q. \$913,000?—A. Tenders were called December 12, 1950, and tenders received January 30, 1951.

By Mr. Pickersgill:

Q. You gave us 1952 just now?—A. I am afraid I was in error. The correct date is January 1951 for this estimate, which is \$913,000.

By the Chairman:

Q. Just take your time, General, on dates and figures.—A. Contract number 6, that is, for the completion of the main building, the estimate given by Mr. Cormier on October 27, 1952, was \$8,701,600.

By Mr. Chevrier:

Q. Now, would you give me the total of those, please?—A. \$12,629,830.

Q. Now, how much less were the low bids which you gave me originally than Mr. Cormier's estimates? The original amount which you gave me for the low bids for the six contracts was \$10,874,261.—A. I hope these figures are correct, I will check them later—\$1,755,569.

Q. So that the low bids were almost \$2 million or, to put it more exactly, \$1 $\frac{3}{4}$ million less than Mr. Cormier's estimates?—A. Yes.

Q. Now then, I wonder if I can turn for a moment—

By Mr. Walker:

Q. General Young, is it not always the practice to put in the estimate before the tender call goes out?—A. That is our practice now in the department.

Q. But on these occasions Mr. Cormier made an exception in every one of the contracts by not putting in his estimate until after the tender calls went out, and just before the tender calls closed—correct?

The CHAIRMAN: Well, I do not think General Young can answer that. Mr. Cormier will be here.

Mr. WALKER: He did answer that.

The CHAIRMAN: Well, it is his own opinion, but it is not the best information.

Mr. WALKER: It is very important.

Mr. CHEVRIER: We can get that evidence from Mr. Cormier when he comes. He will tell us.

By Mr. Chevrier:

Q. Then, I would like to ask you again where the \$6 million estimate, that was referred to earlier, came from?—A. The only evidence we can find of that, Mr. Chairman, is an amount given by the then chief architect as to his idea of what the building would cost as a basis for employing a consultant.

Q. And that was a building which was not at all similar to the one that is going up now, or is completed now?—A. I do not think there are any specifications or plans at all.

Q. No, I understood that from Mr. Gardner a moment ago. But what was in mind at the time was a building much smaller than the one now in existence and more like the old one opposite Major's Hill park?—A. I really do not know, Mr. Chairman.

Mr. CHEVRIER: Fine, that is good enough.

Mr. PICKERSGILL: I wonder if Mr. Gardner has any information on the point.

Mr. GARDNER: I am afraid I do not know, Mr. Pickersgill. I cannot tell you what the chief architect at that time had in mind; I do not know.

Mr. PICKERSGILL: There is nothing on the file to show where this \$6 million came from?

Mr. GARDNER: That is correct.

Mr. PICKERSGILL: It is just a figure plucked out of the air?

Some hon. MEMBERS: Oh no.

Mr. WALKER: I have been sitting here listening to these two paragons of the virtues breaking every rule they have been complaining about.

Mr. CHEVRIER: You have certainly been a fine example.

Mr. WALKER: You are a ready pupil then.

The CHAIRMAN: Well, our proceedings should have a little humor.

By Mr. Chevrier:

Q Then, may we have the last contract, that is, the one for the completion of the building, the lowest tender for which was \$7,999,982, and deal with the extras.

Q. The first extra is \$34,344. Would you tell us what that was for—A. In general that relates to raceways, floor slabs in office areas for telephone communication, buzzer systems and power for office supply.

Q. Was this approved of before you came, or after?—A. I think that was approved before I came. It was approved before I came.

Q. Who recommended that extra?—A. That would be recommended by Mr. Cormier.

Q. Did you examine it and look at it?—A. I was not there.

Q. Perhaps I could ask Mr. Gardner.

MR. BOURGET: Was it checked by the estimates branch at the time? I am referring to that particular item.

MR. GARDNER: All of these figures that came to us from Mr. Cormier were checked by the estimates branch.

MR. BOURGET: And that amount was found to be correct?

MR. GARDNER: The amount was considered fair and reasonable.

MR. BOURGET: Thank you.

By Mr. Chevrier:

Q. In regard to this other item—cement finishing and the like—in the amount of \$86,333.38, how did that come about, and did it come about when you were there?—A. It was initiated before I came to the department. However, I believe that I finally recommended payment.

Q. You recommended payment?—A. At this stage I would like to make a correction, Mr. Chairman, which I mentioned to you yesterday morning. This may be an opportune time to do so.

MR. PICKERSGILL asked me about the extras I was directly responsible for and I referred to the latter two. I meant the two in which I was involved from the beginning.

MR. PICKERSGILL: Right.

THE WITNESS: I did have responsibility with respect to these former ones which I finally recommended.

By Mr. Pickersgill:

Q. I take it, General Young, if I might ask a question, that you never made any recommendation to your minister, that something should go to the treasury board which you were not satisfied with yourself?—A. That is a difficult question to answer.

In some cases, work happened to be under way and Mr. Winters and I were not too happy about it. I mean, it was work that had to be done, and to the extent that the work was under way we had to see that payments were made.

Q. But my point is—I speak as a former member of the treasury board—that you never made a recommendation that the government should pay more money than you felt was justified? A—That is correct.

MR. CAMPBELL (Stormont): Was he in a position to make these recommendations?

MR. PICKERSGILL: General Young can answer that for himself.

By Mr. Chevrier:

Q. Can I carry on, General Young? Would you tell me how you proceed with reference to these recommendations covering extras? I am dealing with (b) now. Did you make the recommendation?

A. The recommendation originally emanated from Mr. Cormier.

Q. In regard to this second item in the amount of \$86,333.38, you recommended it as well?—A. I recommended it.

Q. It went on to the treasury board and got approval?—A. That is correct.

By Mr. Cathers:

Q. What is the date of that, please?—A. The date was January.

Q. When did it go to the treasury board?—A. The original request was made in January, 1953, for that amount. That was a year before I came. It is not clear why the final approval by the treasury board—the recommendation to the treasury board was finally approved on February 2, 1954.

Q. May I check this one point? Mr. Chevrier asked you if a certain request to treasury board carried your recommendation?—A. That is right.

Q. Now you say that it was January 1, 1953, and you have said that you were not there in January, 1953. I am a little confused, probably in the dates.

A. I really took over on January 1, 1954, but I reported to the department in December, 1953.

Mr. PICKERSGILL: Is it not correct that what you said, General Young, was that the request from Mr. Cormier to the department came in January, 1953, but was not submitted to the treasury board until January, 1954?

The WITNESS: Yes.

By Mr. Chevrier:

Q. If that point is cleared up, I will go a step further and ask you if in each case the amount mentioned, and I am dealing now particularly with the \$86,000 item, was checked by the estimates branch of the Department of Public Works?—A. It was recommended to me by the chief architect.

Q. It was recommended to you by the chief architect and I suppose it can be safely said that it was approved of by the estimates branch of the Department of Public Works?

Mr. BOURGET: Approved and checked.

By Mr. Chevrier:

Q. Checked and approved?—A. Yes.

Q. Now—

Mr. PICKERSGILL: I think Mr. Gardner has something to say.

Mr. GARDNER: Mr. Chevrier, recommendations for expenditures coming to us from a private architect, such as from Mr. Cormier in this case, are checked by our contracts section. When they have approved them as being fair and reasonable, I recommend them to the deputy minister.

Mr. CHEVRIER: I see. Was this item for \$86,000 approved as fair and reasonable?

Mr. GARDNER: I believe it was.

By Mr. Chevrier:

Q. In regard to item 3 which was in the amount of \$163,985, can you tell us, General Young, what that was for?—A. That was for the installation of three generators. This is broken down here. The work consisted of the installation of three diesel generating units for a total of \$88,032.73. The details were: (a) Provision and installation of Kerfund insulation including

mastic, tar paper, damp-proofing and cement expansion joint. (b) Reinforcing concrete bases with necessary anchor bolts and cement grouting. (c) A structural steel platform (Messanine), chrome plated railing and access panels, including the closing of oil tanks with masonry. (d) installation of three units proper by the mechanical sub-contractor, including electrical work, insulation, installation of tanks, compressor, pumps, oil tanks and all other related equipment. The balance of that amount all relates to it.

Q. On item C.—A. The next part of that item relates to the provision of mechanical ventilation in the underground garage, in the sum of \$69,223.37.

Q. Did that have your approval?—A. Also the replacing of the sewer from the building to St. Henri street in the amount of \$6,729.

Q. Did that have the approval of the estimates branch or the contracts branch, as you call it?—A. Yes, after negotiation.

Q. And did it have your recommendation?—A. I approved it, and it went to the treasury board.

Q. Did that appear to be fair and reasonable as far as you are concerned? Perhaps Mr. Gardner would answer.

Mr. GARDNER: Yes, it did.

Mr. CHEVRIER: Item D, interior finish of the water reservoirs, coating with vinyl plastic. Please tell us what that was for?

Mr. GARDNER: There are two fairly large water reservoirs on the lower floor of the heating plant building. We had difficulty with these from some minor cracks which had appeared in the concrete—air cracks which had appeared.

We were getting some leakage and the contractor repaired these cracks as we required him to do. We then recommended that he should take care of future leakage which might occur. That meant coating the inside of the tanks with a vinyl coating and this increased the cost for doing that work.

Mr. CHEVRIER: It increased it by how much?

Mr. GARDNER: \$15,345.

Mr. CHEVRIER: Did that item receive the approval of the contracts branch?

Mr. GARDNER: It did.

Mr. CHEVRIER: Was it fair and reasonable in your opinion?

Mr. GARDNER: I believe so.

Mr. CHEVRIER: Did you recommend that it go to the treasury board?

Mr. GARDNER: I did.

By Mr. Chevrier:

Q. The next item is E, addition of floor ducts and relocating partitions.—A. Would you like to have the details?

Q. Yes.—A. This relates to certain changes in the layout of the building. One schoolroom was omitted in order to increase the space allotted to the publications department. The bindery and pamphlet binding room had to be enlarged. The dark room had to be relocated and the stamped envelope section omitted.

Due to the height of the third floor, the thickness of the remaining partitions had to be increased there from four to six inches, and pillars added. They were to strengthen the walls.

In order to comply with the requests of the fire commissioner, two large storage rooms on the basement floor were divided into four separate rooms.

By Mr. Cathers:

Q. May I ask for the amount for the reinforcing of these walls on the third floor?—A. I think we shall have to look that up for you. What I have

given is for the additional underfloor ducts, in the sum of \$31,299.11; and the adjustment to the tile partition was \$37,698.24. But the other detail that you asked for will have to be looked up.

Mr. CHEVRIER: Did the amount of \$68,997 in that item have the approval of the contracts branch?

Mr. GARDNER: It did.

Mr. CHEVRIER: And in your opinion it was fair and reasonable?

Mr. GARDNER: It was.

Mr. CHEVRIER: And you recommended that it obtain the approval of the treasury board?

Mr. GARDNER: I did.

By Mr. Wratten:

Q. Who authorized the changes in the partitions?—A. It was presumably arranged between the Queen's Printer, Mr. Cormier, and probably the department.

Q. There was no consultation beforehand when these plans came out, as to the size of rooms they wanted?—A. Apparently not. He had approved the original sketch plan and layout.

By Mr. Pickersgill:

Q. Is it not true that in nearly every large building that your department builds—no matter how carefully it is planned in advance—there are changes made in the internal layout?—A. Yes, it unfortunately follows that that is so.

By Mr. Broome:

Q. The changes here represent some 10 per cent of the total contract price.

Have you, in your experience, found that to be a reasonable figure for changes—to increase the total contract price by 10 per cent because of changes?—A. That is reaching the major limit. We get perturbed if it goes over five per cent.

By Mr. Chevrier:

Q. Does it not depend a great deal on the project itself. Are there, in your department—I am getting away from the examination at the moment—are there not, in your department, cases where the extras go beyond that?—A. I do not think we have had one in the last three years.

Q. What about other departments? For instance, are you familiar with the Uplands airport?—A. No, not in detail.

The CHAIRMAN: Gentlemen, please let us get off the generalities and get down to the printing bureau!

Mr. CHEVRIER: Getting back to item G, site development—oh, I mean item F, insulation of soil pipes in the amount of \$10,380,—

Mr. GARDNER: The letter from Mr. Cormier reads as follows:

"We have observed that due to the high relative humidity that must be maintained in conditioning the paper for printing, soil pipes which are ordinarily bare, show condensation in the present case, and they will have to be insulated."

Mr. CHEVRIER: Did that go through the usual process; was it approved by the contracts branch?

Mr. GARDNER: Yes.

Mr. CHEVRIER: You thought it was fair and reasonable?

Mr. GARDNER: We checked it and thought it was fair and reasonable.

Mr. CHEVRIER: And you recommended it and obtained approval of the treasury board?

Mr. GARDNER: Yes.

By Mr. Walker:

Q. Is it possible to have anything go before the treasury board before it is stamped fair and reasonable?—A. It has to be recommended by the department.

Q. That is universal?—A. Yes.

By Mr. CHEVRIER:

Q. There is this item of site development of \$285,794. Would you tell us what that is for?—A. The details of it are fairly extensive. It relates to general layout. Outdoor lighting to the extent of \$34,702.80; underground fire protection to the extent of \$84,334.76; sewers, manholes, catch basins for road drainage, \$18,152.07; dry wall on Pilon's side to permit laying of wire fence on top, \$3,547.34; additional backfilling, spreading and packing at the front of the building as called for by the new elevation, \$3,999.84; additional requirement of a straight granite curb, \$40,838.19; wire fence five feet high and concrete bases for posts, \$14,354.12; the asphalt on ten inch stone bed and 2½ inch asphalt surface, \$79,848.53; sodding, \$56,855.15; removing asphalt and concrete in Pilon's yard, \$2,990.80; concrete sidewalk and curb, \$12,645, plus 10 per cent overhead and profit of \$23,323.14; separate price for excavating and grading northwest corner of property, \$29,253.37; making a total of \$404,845.56.

Now, there was an item in the main tender call for this work—for certain parts of it at least—for which the contractor had included \$119,051.34, so that the net increase to the contractor was \$285,794.22.

Q. What date did this come about?—A. This submission by the contractor would be around August or September of 1955. The actual quotation by the contractor was given on September 16, 1955.

Q. Did that go through the usual procedure?

Mr. GARDNER: Yes.

Mr. CHEVRIER: And approved by the contract branch?

Mr. GARDNER: Yes

Mr. CHEVRIER: You thought it was fair and reasonable?

Mr. GARDNER: Yes

By Mr. Chevrier:

Q. And you recommended it?—A. Yes.

Q. And it obtained the approval of the treasury board?—A. Yes.

Q. What is this item "H", \$89,137?

By Mr. McGee:

Q. Could you tell me what that sod item was?—A. \$56,855.15.

By Mr. Walker:

Q. Just for grass?—A. For sodding.

By Mr. McGee:

Q. Is there any indication of the area involved there?—A. No area is given on this.

Mr. McGREGOR: You must have the details somewhere as to how much per yard it is for the sodding.

By Mr. Spencer:

Q. Was the figure of \$119,000 for which credit was given included at the time of the original tender?—A. That was included in the original tender. It was in the tender call of No. 6 contract. It was for road development.

Q. That breakdown was in there?—A. Not all the details. Several additions were added.

Mr. CHEVRIER: May we go on to item "H"?

Mr. WALKER: Would you ask the General for the unit prices on cement and asphalt used in this extra for landscaping?

Mr. CHEVRIER: We will get that, but will you let me continue?

Mr. WALKER: You would sooner not ask that?

Mr. CHEVRIER: You were complaining about me interfering, and now certainly you are interfering.

The CHAIRMAN: We are speaking here about bluegrass.

Mr. CHEVRIER: Let us have the answer to Mr. Walker's question.

The WITNESS: What was the question?

Mr. WALKER: I apologize for annoying my friend. What was the unit price in this extra for landscaping, first for asphalt and then for cement?

Mr. BOURGET: Not cement, concrete; it is not the same.

The WITNESS: Concrete. Could we have an opportunity to look that up. We do not have it available here.

By Mr. Chevrier:

Q. May I come back to item H, \$89,137?—A. Final adjustment of a number of electrical fixtures. These fixtures were required due to changes in partition layout, \$6,113.10. To install an automatic fire detection system in the basement area and stationary storage on the first floor. This system is incorporated into the manual fire protection system included under the contract to comply with the request of the Dominion Fire Commissioner, \$19,203.50. To re-arrange layout of sewers for roads and parking area on the side in order to connect on existing sewer at north end of St. Henri St. It was originally planned to connect on this existing sewer on Boulevard du Sacre-Coeur, but the City of Hull refused permission stating the latter sewer is overloaded. That was \$18,000.71.

Next, there were the changes in the electrical power load distribution system to provide adequate power at the load centres, as required by the printing bureau, due to changes in the location and the number of units of machinery; and that total was \$45,819.63.

Q. Does that make the eighty-nine?—A. Yes.

Q. What was the date of that extra?—A. The date of submission to treasury board was July 13, 1956.

Mr. CHEVRIER: And it went through the contracts branch of the department?

Mr. GARDNER: It did.

Mr. CHEVRIER: Did you find it fair and reasonable?

Mr. GARDNER: We did.

By Mr. Chevrier:

Q. And, General, you recommended it and it received approval of treasury board?—A. Yes.

Q. Could we take item (i) and it amounts to \$26,244.

The WITNESS: Perhaps Mr. Gardner can explain it.

Mr. GARDNER: Mr. Chevrier, this land item is made up of miscellaneous small items ranging in various sums which were required to finish up the work of that building. The total was in the amount of \$25,000 odd, but there was also a list of miscellaneous credits for work which was deleted. The result was that the extra to the contract amounted to less than \$15,000, and under the regulations, the contract regulations, all the department finances themselves do not have to go through the treasury board.

Mr. CHEVRIER: I see. This item did not go through treasury board, but was it checked for reasonableness?

Mr. GARDNER: It was.

Mr. CHEVRIER: And fairness?

Mr. GARDNER: It was.

Mr. CHEVRIER: And it was found—it was approved.

Mr. GARDNER: It was.

By Mr. Chevrier:

Q. Now before I go on to the deletions, may I ask another question. Am I right in saying in all of these extras the work was done for less than Mr. Cormier's estimate?—A. No, Mr. Chairman. The way these decisions were made, the requests were made to the contractor for an estimate of what it would cost to do this work, and the contractor submitted his estimate. Then there was the matter of analyzing by our department to see if it was reasonable, and then to recommend financial approval.

Q. Then could we go on to the deletions, and would you explain what these three deletions were for? I see the deletions amount to \$86,905. These are reductions in the extras. Would you tell us in regard to (a)?—A. Mr. Gardner knows the details better.

Q. Are they reductions in the extras or the original contract?—A. The original contract.

Mr. CHEVRIER: Would you deal with item (a)?

Mr. GARDNER: Item (a) has to do with the changing of a type of floor covering which was specified. We went from a vinyl tile to a linoleum material; it had saved us \$47,737.13. We feel the saving was fair and reasonable.

Mr. CHEVRIER: Then, Item (b)?

Mr. GARDNER: This deals with work the fire commissioner had requested, and it was further examined and discussed between myself and the fire commissioner. It was agreed this work would not be required.

Mr. CHEVRIER: That was \$27,344.

Mr. GARDNER: Yes.

Mr. CHEVRIER: And what was the last item, item (c)?

Mr. GARDNER: This is a difference in the cost of eight hot water storage tanks, the material to be used and the way they were to be connected. It was a credit which was taken towards the very last. As I mentioned a moment ago, it was an amount less than \$25,000, which you referred to, which brought the last series of items to \$15,000.

By Mr. Pickersgill:

Q. Mr. Chairman, I have one question I would like to put, and I think perhaps the answer is obvious. In spite of all these extras on contract No. 6, the total cost to the crown was less than Mr. Cormier's original estimate?—A. On contract No. 6, his estimate was \$8,701,600 and the final cost was \$8,693,622.51.

Mr. PICKERSGILL: I think the department should be congratulated for being pretty tough.

By Mr. Cathers:

Q. Mr. Chairman, earlier Mr. Chevrier brought out that Powers, the consultant, was paid a fee of \$42,000. Were his plans accepted for the building?—A. He did not provide plans as such; he made a report on things that should be done in regard to temperatures and humidity—areas that should be allocated for the different work. It was a general guidance report to assist the consultant architect in designing the building.

Q. What date was he hired?—A. Mr. Powers was appointed by an order in council dated July 16, 1947.

Q. 1947—When did he terminate his duties?—A. The contract terminated on March 31, 1949.

Q. He worked for two years and did he not present any design or plans?—A. He has presented a very voluminous report to guide the consultant architect.

By Mr. Drysdale:

Q. Is the report available?

By Mr. Cathers:

Q. Have you the report on record?—A. Yes.

Q. Could that be read into the record on Monday?—A. Do you see the size of it?

Mr. CHEVRIER: Why could you not look at it over the weekend, if you want to?

Mr. MURPHY: Could I direct a question, in view of the statement made a few moments ago by General Young that some of these recommendations to treasury board—there was some hesitation not only by him but by his minister at that time, Mr. Winters. I would ask at the next meeting that the deputy minister be prepared to answer questions regarding his hesitancy in these recommendations—how many times he hesitated or the minister hesitated,—and if we have not got a satisfactory answer, I suggest we call the former minister, Mr. Winters.

The CHAIRMAN: There is no proof of any hesitation yet. This is a statement; if you want to ask a question at the next meeting, go ahead and ask it.

Mr. MURPHY: In view of the statements having been made, it should be cleared up.

Mr. WINCH: Before Mr. Cormier appears as a witness, could I ask if it is possible for me to receive a copy of the specifications on the electrical installations and a copy of the electrical floor plans? Could I ask if that is possible?

The CHAIRMAN: Would you communicate with General Young directly and see if an arrangement can be made.

Mr. CHEVRIER: Before we adjourn, I should say I have not completed my examination and I suggest that it continue on Monday.

The CHAIRMAN: No, Mr. Chevrier; on Monday we start with Mr. Cloutier.

Mr. PICKERSGILL: Mr. Chairman, we must object; it was understood Mr. Chevrier would be allowed to complete examination of these two witnesses so that we would have an orderly procedure. He has not completed it yet.

Mr. MORTON: Could we meet later on today?

Mr. CATHERS: I understand Mr. Cloutier has planned a trip, to leave on Wednesday. Could this not be interrupted on Monday morning? I do not think there is too much emphasis on Mr. Cloutier; he did not build the building.

But I would hope in fairness to a man who is about to retire and going on a holiday that we might hear Mr. Cloutier on Monday morning.

The CHAIRMAN: Are there any objections to that?

Mr. PICKERSGILL: Mr. Chairman, I object very strenuously, and I will explain to the committee why. My objection is that Mr. Cloutier is going to be giving us evidence on which Mr. Cormier will unquestionably want to comment. It is not fair to Mr. Cormier—who is a distinguished consultant architect; whose reputation has been called into question by us here—under our immunity to parliament to have a witness that he might want to have here away from here. Now, Mr. Cloutier, as a former deputy minister of mine, I have the greatest possible respect and regard for him. Like ourselves his first duty in the public service is to parliament, and I feel while this committee is proceeding—

Mr. WINCH: Is it then an official request that this committee advise Mr. Cloutier that we desire him to stay until this inquiry is completed?

Mr. PICKERSGILL: Or until it is quite evident that he is not going to be wanted.

The CHAIRMAN: In fairness to Mr. Cloutier, he has already told me he will stay as long as the committee will want him.

Mr. PICKERSGILL: I was sure that would be his answer. He has always shown the greatest devotion to duty.

The CHAIRMAN: There is still this question of the witness to be called on Monday. What is your wish?

Mr. BELL (*Carleton*): I thought we had an understanding in the steering committee that we would call Mr. Cloutier.

Mr. CHEVRIER: The understanding was provided we had completed the evidence of the other two witnesses.

Mr. BELL (*Carleton*): I certainly think we should accommodate my learned friends opposite, if that is their wish.

The CHAIRMAN: All right, on Monday we will continue with General Young.

Mr. McGEE: Is the chair agreed to continue sitting later this day?

Mr. CHEVRIER: No.

The CHAIRMAN: No. We will adjourn.



HOUSE OF COMMONS

First Session—Twenty-fourth Parliament
1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

MONDAY, AUGUST 18, 1958

WITNESSES:

Major General H. A. Young, Deputy Minister and Mr. E. A. Gardner,
Chief Architect, Department of Public Works.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

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- (a) Replaced Mr. Campbell (*Lambton-Kent*) on July 8.
- (b) Replaced Mr. Boulanger on June 12.
- (c) Replaced Mr. Denis on July 31.
- (d) Replaced Mr. Crestohl on July 9.
- (e) Replaced Mr. Small on July 9.
- (f) Replaced Mr. Houck on August 6.
- (g) Replaced Mr. McCleave on August 12.
- (h) Replaced Mr. Morris on August 12.
- (i) Replaced Mr. Robichaud on August 13.
- (j) Replaced Mr. Bourbonnais on August 15.
- (k) Replaced Mr. Allmark on August 14.
- (1) Replaced Mr. Horner (*Acadia*) on August 14.

MINUTES OF PROCEEDINGS

MONDAY, August 18, 1958.
(9)

The Standing Committee on Public Accounts met at 9:30 a.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Bourget, Campeau, Carter, Cathers, Chevrier, Dorion, Doucett, Drysdale, Grenier, Hanbidge, Keays, Lahaye, Macdonald (*Kings*), Macnaughton, MacRae, Martel, McGee, McGregor, McMillan, Morissette, Morris, Morton, Murphy, Pickersgill, Smith (*Simcoe North*), Spencer, Stewart, Villeneuve, Walker and Winch—(32).

In attendance: Major General H. A. Young, Deputy Minister; Messrs. E. A. Gardner, Chief Architect; D. A. Freeze, Director, Property and Building Management; R. G. McFarlane, Assistant Director, Property and Building Management Branch; and J. O. Kemp, Contracts Division, Building Construction Branch, Department of Public Works.

The Chairman reported verbally on a Steering Committee meeting on the following points:

1. A Canadian Broadcasting Corporation request to televise proceedings, which was refused;
2. Reassertion of the procedure agreed upon at the opening of the Committee's deliberations on the Printing Bureau;
3. The scope of the Orders of Reference.

Major General H. A. Young was called as agreed at the last meeting, and his examination continued on the construction of the National Printing Bureau: Mr. E. A. Gardner was jointly questioned.

A correction was made in Exhibit P-2—Appendix B which appears in Issue No. 4, Page 114, Contract No. 5, as follows:

- Tenders called December 12, 1950 and not 1951;
—Tenders received January 30, 1952 and not 1951.

Before Mr. Chevrier proceeded with his questioning of the witnesses, it was established that the files—5 copies of which were produced before the Committee—were complete, with the exception of one dealing with real estate and another dealing with the moving of equipment, both to be filed.

The witnesses were examined on the cost of the excavation and the circumstances surrounding same.

Mr. J. O. Kemp was called and answered a specific question relating to excavation unit prices.

In the course of the examination Mr. Chevrier read a memorandum dated September 20, 1949 addressed to the then Deputy Minister of Public Works. He also quoted from a submission to the Governor in Council dated January 30, 1950, in respect of excavation work at the National Printing Bureau.

Mr. McGee raised a question of privilege. He quoted from the Toronto Globe and Mail of August 16, 1958, in which appeared a statement of Senator Sarto Fournier.

Messrs. Pickersgill and Chevrier expressed the opinion that Mr. McGee was rather raising a point of order.

Thereupon the Chairman quoted from the evidence of August 16th, Page A-4 of the stenographic report, and on that basis he ruled that the question raised was out of order.

Messrs. McGee and Drysdale expressed disagreement, and Mr. Drysdale said he would question the Chairman's ruling at the next sitting of the Committee.

At 11:00, General Young's examination still continuing, the Committee adjourned until Tuesday at 9:30 o'clock.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

MONDAY, August 18, 1958.

The CHAIRMAN: Gentlemen, we have a quorum. We are three and a half minutes late, but it is Monday morning.

Your steering committee met this morning and, besides certain serious matters we had to consider, one was a request from the Canadian Broadcasting Corporation to televise some of the proceedings. We unanimously turned it down. I hope you will agree with that decision.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: Over the week-end I gave serious thought to the way in which this committee is developing, and I thought that once more, if you will bear with me, I will give you my idea of how I think we should proceed.

The committee was reactivated on the British principle of a close examination of the public accounts. I need hardly point out that this is the first time in Canadian history that the chairman is a member, not of the government party, but belonging to the opposition. So that in fact we are feeling our way, and I think we should not abuse the opportunity we have to set up and make of this committee a very useful instrument for the examination of public accounts.

Over the week-end I gave considerable thought to the method, and how this committee should function, and I would like to draw a distinction which I think is basic and very important. We must draw a distinction between asking this committee to make technical judgments about engineering and architectural plans, and all the rest of it, and asking the committee to examine into whether the expenditures were properly made. This is not a royal commission; it is a committee of the House of Commons, and it is the duty of the committee to review the expenditures that have been made in connection with these projects, and to see that the money voted in parliament is not spent improperly. I say further that it is the duty of this committee to examine into the accounts as to the integrity of the expenditures, and not into the technical judgments made. It is our job to find out whether the public got proper value for its money.

I would refer you once more to the terms of reference which are appended to the proceedings of evidence number one.

So if you agree with me that that is our proper scope and function, I am going to ask for your full confidence, of course, and even more important, your full cooperation this coming week. We have a difficult week ahead of us, and I propose, as chairman, with your permission, to try and confine the questioning right down to basic details.

It was agreed in the steering committee several days ago, and again confirmed this morning, that we should proceed in a more orderly fashion. Last week the door was opened pretty wide in order that we could demonstrate that no attempt was being made to cover up or to prevent anyone from examining anything pertinent to this inquiry.

This week I propose to get much tougher, with your consent and cooperation, and to confine the questioning, if possible, to the facts at issue which are: how was the money spent; did we get value for the money. That is the line we will follow.

I started out to say that we agreed in the steering committee that the procedure this week would be General Young as the witness this morning. Mr. Gardner is on his right.

Mr. Walker last week advanced one side of the case. Mr. Chevrier, this morning, will continue with his examination until such time as he has finished with the witness; then Mr. Pickersgill, or whoever it is over here, and then the committee will be thrown open for general questioning. After that, and with your consent, we will proceed.

Mr. MURPHY: Mr. Chairman, could I ask to have clarification on one or two points that General Young gave evidence on at our last meeting?

One was with reference to the date of these estimates being presented by the architect, and I would like to have on record the date that each contractor in the four contracts, numbers 2, 3, 4 and 5, the date these tenders were received by the department, and also the exact date that the architect submitted his estimates to the department, because in all these contracts one contractor got the contract.

Major General Hugh A. Young, C.B., C.B.E., D.S.O. (Deputy Minister of Public Works), called:

By The Chairman:

Q. Can you give that now, General Young, or will you have to give it later?—A. I can do it right now.

Contract number 1—tenders were called April 29, 1949, tenders received May 18, 1949. Unfortunately, the estimates from the architect do not give the date, but we have every evidence that they come in before the tenders closed. Therefore, the estimate number 1 was somewhere in May, 1949.

Contract number 2—tenders were called October 20, 1949, and tenders were received on November 9, 1949, and again I must give the same answer—the estimates were received some time in late October or early November.

By Mr. Murphy:

Q. They were received after the—A. After the tenders were called, but they were obviously in before the tenders closed.

Q. I see.—A. Contract number 3—tenders were called on July 18, 1950, and tenders were received May 10, 1950.

By Mr. Walker:

Q. By "received" you mean closed?—A. Yes, closed. And again we have no date—I am sorry, that was the first call. Then they were re-called on June 3, 1950, and new tenders were received on June 21, 1950; and again I can give you no definite date except that they were in before the tenders closed.

Contract number 4—tenders were called July 21, 1950, and tenders received August 23, 1950, and the architect's estimate was dated August 17, 1950.

Contract number 5—tenders were called December 12, 1951—

By Mr. Pickersgill:

Q. This document we have is incorrect then?—A. Yes, it should read 1951, and tenders were received January 30, 1952.

By Mr. Chevrier:

Q. We have 1951?—A. Yes, and again I can give no date of the estimate.

By the Chairman:

Q. General Young, what are you correcting?—A. I am correcting the tender called on contract number 5—for 1950 read 1951, and for tenders received read 1952.

The CHAIRMAN: And that appears in exhibit P-2 to the minutes of proceedings number 4.

Mr. WALKER: Page 114.

By Mr. Murphy:

Q. General, can you tell us approximately how near to the date the tenders were received the architect's estimates were filed?—A. Mr. Gardner perhaps could answer that.

Mr. E. A. GARDNER (*Chief Architect, Department of Public Works*): The normal practice has been, for the years in which we are interested, that the architect's estimate be in our hands 48 hours ahead of the date of the tender closed.

Mr. MURPHY: I thought you said the other day the practice now is that the estimates must be in before you advertise for tenders.

Mr. GARDNER: That is correct now.

Mr. PICKERSGILL: Could I ask a question for clarification, Mr. Gardner, please? I am addressing my question to Mr. Gardner. Mr. Murphy said the normal practice in the department; but it was exceptional only because the normal practice in the department at this time was to receive them before the tenders closed, not before they advertised them.

Mr. GARDNER: Before the tenders closed, at least 48 hours.

Mr. PICKERSGILL: So there was nothing unusual about this one at that time?

Mr. GARDNER: No.

By the Chairman:

Q. There is one more answer.—A. Under contract number 6—tenders were called September 17, 1952, and tenders were opened October 29, 1952, and the date of the architect's estimate was October 27, 1952.

By Mr. Murphy:

Q. Two days before the tenders closed. The other point I wanted to clarify was a statement made by General Young at the last meeting that some of his submissions to the treasury board were made with some hesitancy.

By the Chairman:

Q. I have been wondering about that. What is this hesitancy we are talking about?—A. I cannot find anything on the file in writing, but I recall the minister and I discussing and reviewing some of these submissions as they came forward to us, to the extent of sending them back verbally for rechecking; but there is nothing on the file about it.

By Mr. Murphy:

Q. You said the other day, I think, quite emphatically, that you did hesitate in making these submissions to treasury board. I thought that should be clarified.—A. I think that is correct; but it is difficult to clarify it at this stage when there is nothing on our file. I recall thinking that some of the extras seemed large, so that with the minister we reviewed them; but there is nothing on file and we, of course, finally approved them and they went along forward.

Q. I just have one more point now. Some of these additions, General Young, were as much as 70 per cent higher than the original bid. Was that one reason why you hesitated?—A. Hesitated at that time?

Q. Yes.—A. I would imagine so.

The CHAIRMAN: What is your decision? After all, if you hesitated, you are the man who hesitated. Therefore, why?

Mr. PICKERSGILL: I would like to continue along Mr. Murphy's line of questioning on this subject. If I remember correctly—I have not got the evidence of Friday before me—but I think I am correct in saying—

Mr. MURPHY: The other objection, if I am asked, was that because—

The CHAIRMAN: Please put it in the form of a question, Mr. Murphy. Do not make a statement.

By Mr. Murphy:

Q. Did you object or hesitate because some of these amounts included sums for work which should have been in your estimation included in the original contract?—A. It was too late then. When one was confronted with these problems, the best one could do was to try to get the best cost. It was too late at that stage to say that they should have been in the original contract. We could only try to get the best prices at that time.

Q. Is there anything in the records of your department to indicate that the former deputy minister hesitated in making representations to the treasury board?

The CHAIRMAN: He would not know that.

Mr. MURPHY: I asked for the departmental reference.

The CHAIRMAN: No. You asked if he knows why. He says he has no record, but he has not made a personal examination.

By Mr. Pickersgill:

Q. I, too, was quite concerned about General Young's statement. I think it was made—we can check this easily from the record—when Mr. Chevrier asked about addition A to contract No. 6.

General Young, in reply, said it was disposed of before he became deputy minister. I do not recall his exact words, but I think that is what he said—that he had had nothing to do with it, because it was disposed of before he became deputy minister.—A. I think I said that.

Q. Then Mr. Chevrier asked about addition B of \$86,000, and that was where General Young—am I right?—A. That is right.

Q. You expressed—if I remember correctly—some doubt about this thing when it first came up, and when you were asked, you said you were not satisfied before you left to go to treasury board. I am trying to paraphrase what you said.—A. I finally signed it, anyway.

Q. Exactly. Now may I ask General Young this question: at what date did B come to his attention after he became deputy minister?—A. About early January, 1954.

Q. That was the first time you had ever heard about this particular addition?—A. That is right.

Q. And that would be, therefore, about the first time that the printing bureau ever came to your notice.—A. That is right.

Q. At what date was the submission made to the treasury board?—A. It was made about that time, I think in January 1954—no, February 2, 1954.

The CHAIRMAN: Have you just about finished, Mr. Pickersgill.

Mr. PICKERSGILL: It seems to me this is a very important point because this was the first time, as General Young has said, that he had some hesitation

about it. In January, 1954 he sent a submission to the treasury board. February 2, 1954 was the first time that you did satisfy yourself before sending it forward, that it was a proper authority.

Mr. WINCH: I thought it was your desire that this brand of general questioning should be held over. I have quite a number of such questions that I am holding over.

Mr. PICKERSGILL: Mr. Murphy initiated this and it was agreed that I might ask one or two more questions.

Mr. CHEVRIER: I would like this morning to deal with contract No. 1. But before I do so, I would like to ask this question: is every file to which any member of the committee has had access now before the committee?

The CHAIRMAN: Do you mean the steering committee or the general committee?

By Mr. Chevrier:

Q. I repeat: now before the committee. I understood the other day when I appeared for the first time on this committee—I believe it was on Thursday—the chairman said that all this evidence which has been offered and the files used by Mr. Walker are here for consideration. So the question I now ask is this: is every file to which any member of the committee has had access now before the committee?—A. Yes; they are contained in those five volumes which were distributed.

Q. That Mr. Walker had in his possession and which have been turned over to us? I understand there are no other files but those now before us?—A. There are no other files.

Mr. WALKER: Have you the real estate file? I have a survey on real estate?

Mr. CHEVRIER: The only file I have is the one dealing with contract No. 1. I have not got to the others yet, I am sorry to say.

Mr. PICKERSGILL: They were turned over to me as a member of the steering committee from our party, and I think Mr. Bourget has them.

Mr. BOURGET: I have not had time to look at them all because there is quite a lot, as you can see.

By Mr. Chevrier:

Q. I am concerned to know if this is the file which was turned over. I am concerned to know whether these are the only files before the committee and that there are no others.—A. No, except the real estate files. They have not yet been circulated.

Q. There are no other members of the committee, the steering committee or the general committee, who have files in their possession?—A. No.

Mr. WINCH: I want to be quite clear about this. I did not want to hold up the committee on some of the technical aspects. Therefore on Friday afternoon I went to the Hunter building and had a look at all the voluminous plans and some of the specifications, so as to get some of these things clear in my mind. I saw the plans and specifications on Friday afternoon. I did so not at the request of the steering committee, but for my own information.

Mr. PICKERSGILL: I think it was agreed to, that Mr. Winch should see them. I think that he said originally that he wanted to see the electrical specifications.

The CHAIRMAN: It is in the evidence.

Mr. WALKER: Have you got the moving file too? I have some notes on the moving file.

Mr. CHEVRIER: No.

Mr. WALKER: Is it there?

Mr. BOURGET: You can tell us if it is among the documents which you had in the steering committee. As the information is contained—or perhaps the secretary of the committee could tell us if he knows about it, because these documents were supplied by the department, I understand. I wonder who in the department prepared all this documentation.

By Mr. Pickersgill:

Q. Perhaps clarification could be made. Were files supplied to any member of the committee—not talking about the plans and specifications—were all the files duplicated?—A. No. The only documents supplied to any member of the committee were the files which have been distributed, plus some of the real estate files which, I understand, have not been distributed.

Q. Could they be distributed?—A. And one about the moving.

Q. It has not been duplicated?—A. I do not think it has been duplicated.

Q. Could these two be duplicated, distributed, and treated in the same way as the others have been?—A. We will have them available for the steering committee.

Q. Thank you.

By Mr. Chevrier:

Q. Dealing with contract No. 1—this is the contract first for excavation—tenders were called for on April 29, 1949 and tenders were received on May 18, 1949.

My question is this: how many tenders were submitted? When were they opened and what was the amount of each?—A. The tenders were as follows: Miron Freres, Montreal, \$55,000; Dibblee Construction Limited, Ottawa, \$59,175; Robertson Construction & Engineering Company Limited, Niagara Falls, \$61,517; E.G.M. Cape, Montreal, \$88,863; and North Shore Construction Company Limited, Montreal, \$91,600.

Mr. SPENCER: What is the use of having all this repeated?

Mr. CHEVRIER: I think he is entitled to an answer.

By Mr. Chevrier:

Q. I intend to ask this question and I would like to be allowed to continue.—A. I gave Cape, I think, \$88,863; North Shore Construction Limited, Montreal, \$91,600; Vipond Construction Limited, Hull, \$92,125.93; Copeland Limited, Ottawa, \$106,263; Ed. Brunet & Sons, Hull, \$107,850; Hull Construction and Paving Company, \$140,725.

Q. The lowest tender was \$55,000 and the highest \$140,725?—A. Correct.

Q. Which indicates that the highest was almost three times the lowest?—A. That is correct.

Q. Were plans and specifications supplied to the bidders in order to assist them in preparing their tenders?—A. I could assume that is inevitable.

Q. Have you the plans?—A. Specifications and plans for contract No. 1.

Q. May I see them. These are the specifications prepared by the architect, Ernest Cormier, concerning the national printing bureau and it covers specifications for excavation. Has this been tabled?—A. Yes.

The CHAIRMAN: The plan is exhibit P. 4.

By Mr. Chevrier:

Q. This is the plan exhibit P. 4 which has been prepared by Ernest Cormier on the printing bureau. Now then, would you look at this plan, General Young, and tell me whether the plan shows the contours of the ground surface and the various depths to be excavated?—A. Yes, it shows the depths to be excavated.

Q. Does it show the contours of the ground surface?—A. Yes.

Q. Does it show the records of the borings?—A. Yes.

Q. What were the various depths to which it was required to go down?—

A. 146, 143 and 146.

Q. Did the contractor perform the excavation to these levels at the contract unit prices?—A. Yes; he did.

Q. That is, the contractor performed this excavation at the unit prices of 50 cents for earth and \$3 for rock?—A. Yes.

Q. How many cubic yards of class "A" material was excavated?

Mr. DRYSDALE: Could I ask Mr. Chevrier what is the date of that plan?

Mr. CHEVRIER: April 30, 1949. Would you like to see it?

Mr. DRYSDALE: Yes.

The WITNESS: I find it very difficult from the documents to answer that question. In the submission to the treasury board, we have—

By Mr. Pickersgill:

Q. Might I inquire whether you mean the submission to council?—A. Yes; I am sorry.

Q. It was not the treasury board in those days.—A. —that the excavation to elevation 143 and 146 was completed with the removal of 119,326 cubic yards of class "B" material and 2,000 cubic yards of class "A" material. The increased quantities to the unit price of the contract amounted to \$10,663 as hereunder: 9,326 cubic yards of "B" material at 50 cents per cubic yard and 2,000 cubic yards of "A" material at \$3, making a total of \$10,663. It was also necessary to undertake certain borings.

By Mr. Chevrier:

Q. Apart from what you are reading, is there nothing in the files which indicates how much class "A" material was excavated and how much class "B" material was excavated? Is there anything which indicates, or can you tell me, how many cubic yards of class "A" material was excavated as against class "B"?

Mr. GARDNER: What the General has read is the contract to go down to 146 and 143 levels and the extras to that. There was extra excavation done after those levels had been arrived at.

By Mr. Chevrier:

Q. May I follow that up by this: can you tell me what the total cost of the excavation, down to levels 143 and 146, would be at these unit prices which you have read out; that is 119,356 cubic yards at 50 cents and 2,000 cubic yards at \$3? —A. It must be \$55,000, the bid price, plus \$10,663.

Q. Thank you. Would you produce plan E.1?

Mr. BOURGET: That is the plan showing the borings and contours?

Mr. CHEVRIER: I now hand you plan E.1, dated April 30, 1949. It shows the borings and contours. Can you tell me the average depths of the excavation?

Mr. GARDNER: Mr. Chairman, the contours of the existing land before the work was started varied between 160, 155, 150 and fairly well down to 145. In the portion with the heating plant and the underground garage, the contours varied from 155, 150, and down to 140. The contract required the contractor to go to 146 in the main portion of the building, 146 in the power house and 143 in the underground garage area.

Mr. CHEVRIER: Then, would I be accurate in saying that the depths would have an average of eight or nine feet for the first contract?

Mr. GARDNER: Yes.

Mr. CHEVRIER: So that for this contract, for which \$55,000 was paid, the contractor went down to an average depth of between eight or nine feet?

Mr. GARDNER: A little better than that.

Mr. CHEVRIER: That is even better than I expected. Then I come to this: when this contract, the original contract for \$55,000, was let and completed, was it not decided, in view of the condition of the excavation, that it would be advisable to go down to rock?

Mr. GARDNER: This I believe is so.

Mr. CHEVRIER: Can you tell me, Mr. Gardner, whether this decision was reached by the department after a visit on the site by the deputy minister and the chief engineer and before that by a visit on the site by Mr. Cormier and the chief architect?

Mr. GARDNER: I cannot answer as to the exact statement, but the latter part as to Mr. Cormier—

Mr. CHEVRIER: And the chief architect?

Mr. GARDNER: Yes.

Mr. CHEVRIER: Can you answer me as to the first part?

Mr. GARDNER: I believe the first part is so.

Mr. CHEVRIER: You believe the first part is so. Can you tell me on what date these visits were made?

Mr. GARDNER: No, I cannot.

Mr. CHEVRIER: Have you any record of it?

Mr. GARDNER: Not of the visit, no.

Mr. CHEVRIER: Now, I put this question to you: my information is that the first visit, which was made by Mr. Cormier and Mr. Breault on the site was on September 6, 1949. Is there anything to indicate that, or are you prepared to say that was not so?

Mr. GARDNER: I do not know that, no.

Mr. CHEVRIER: I am also informed that the second visit was made by the deputy minister and Mr. Blais on September 20, 1949.

Mr. MURPHY: Is this type of evidence necessary; are you going to permit questions?

The CHAIRMAN: We had the full treatment all last week; we opened the door far and wide.

Mr. MURPHY: He is making statements.

The CHAIRMAN: I think we will proceed with the examination. Mr. Chevrier, would you proceed.

Mr. CHEVRIER: Was it at this time that the architect in order to ascertain the real depth of the rock inquired of the contractor in the presence of the chief architect to dig down to rock with a back digger at six corner locations?

Mr. GARDNER: I do not know this.

Mr. CHEVRIER: And do you know whether it was for this work that the contract was eventually paid as set out in the files—\$998?

Mr. GARDNER: The files say he was paid \$900 and some odd dollars for extra borings.

Mr. CHEVRIER: But you do not know whether it was for this or not?

Mr. GARDNER: I do not know.

Mr. CHEVRIER: Would it appear reasonable to you that that amount of money—\$998—might well be paid for a contractor using a back digger in six various locations of the site?

Mr. GARDNER: This could be possible.

Mr. CHEVRIER: Would you agree that if these four persons—departmental officers—two of whom you have said did make a visit—would you agree that these four persons, three of whom were professional engineers, and Mr. Brault, the chief architect of the department, were qualified to pass judgment on what they saw?

Mr. GARDNER: We think they should be.

Mr. CHEVRIER: Now were they, in your opinion, qualified to decide as well on the fairness of the unit price?

Mr. GARDNER: I would think they would have to be.

Mr. CHEVRIER: Mr. Gardner, did you visit the site?

Mr. GARDNER: I visited the site on various occasions.

Mr. CHEVRIER: Can you tell me when?

Mr. GARDNER: Not from dates.

Mr. CHEVRIER: Can you tell me if you visited the site about the time these four officers of the department visited, say between the eighth and twentieth of September, 1949?

Mr. GARDNER: I could not be positive that I was there in that time.

Mr. CHEVRIER: But you did visit it several times?

Mr. GARDNER: On more than one occasion.

Mr. CHEVRIER: Now, Mr. Gardner, in your opinion and based on your experience of other jobs, taking into account that the contractor had to excavate to a depth almost twice that of the original contract, were not the unit prices fair and reasonable?

Mr. WALKER: Mr. Chairman, that is a hypothetical question.

The CHAIRMAN: No, it is a straight question; this is an expert witness.

Mr. GARDNER: I cannot answer your question, Mr. Chevrier, in the way you have phrased it.

Mr. CHEVRIER: Let me phrase it this way: having regard to your long experience in the Department of Public Works, and knowing of contracts of a like kind and nature, and knowing all the circumstances under which this work was being done and that the excavation went down twice as much, twice as deep, for the addition as for the original, were not the unit prices fair and reasonable—

Mr. GARDNER: (No audible answer).

Mr. CHEVRIER: May I help you with this? I understand that below the elevation 143-146 the conditions were difficult; there was water to be encountered; there were boulders to be encountered; and there were shorings of the—

Mr. WALKER: Mr. Chairman, I have purposely refrained from asking my friend questions, or interrupting him. I know you want to get a certain answer, but you cannot coax it out of him by giving evidence yourself.

Mr. CHEVRIER: That is all right, I will not proceed.

Mr. WALKER: Mr. Chevrier, I will leave you alone; I did not want to interrupt you this morning and I hope I do not have to open my mouth.

Mr. CHEVRIER: I am glad, Mr. Walker, that you are not going to interrupt me; I do not want to get into discussions with you—

Mr. WALKER: I enjoy discussions.

Mr. CHEVRIER: —on the technicalities of the question. Perhaps I could ask the question directly without pursuing it in the manner in which I have.

Mr. SPENCER: Let him answer in the way he wants to.

Mr. CHEVRIER: Let me ask the question and he can answer it the way he wants to. So far he has not answered the question. When you go down to these depths, is it necessary to protect the excavation by shoring and banking?

Mr. GARDNER: If you are digging a vertical wall, yes.

Mr. CHEVRIER: Is it also necessary to protect against water by means of pumping?

Mr. GARDNER: Yes, it is.

Mr. CHEVRIER: And is the job made more difficult because of the ramps that you have to climb?

Mr. GARDNER: Ordinarily a contractor will use a ramp to bring his excavated material out by truck.

Mr. CHEVRIER: And does it happen sometimes that trucks, because of the slipperiness of the ramp and the road, get stuck and have to be pulled out by the bulldozer?

Mr. GARDNER: Quite possible.

Mr. CHEVRIER: Now then, coming back to my question: having regard to all of these circumstances, would you now be prepared to say yes or no as to whether the unit prices were fair and reasonable?

Mr. WALKER: Was there any shoring here; was it a vertical cut?

Mr. GARDNER: No, it was not a vertical cut.

Mr. WALKER: So the situation you set out, Mr. Chevrier, did not exist here; therefore, it is a hypothetical question and cannot be asked.

Mr. CHEVRIER: I think I will be able to establish later on, Mr. Walker, that the circumstances were difficult and that there were a number of conditions which existed there which made the excavation a rather difficult job. I am glad that Mr. Gardner has answered your question in that way, but nonetheless you have said that there are—these possibilities of difficulty do exist.

Mr. GARDNER: These do exist—I did not examine—

Mr. CHEVRIER: Well now, is there any officer in your department who estimates costs of jobs such as this?

Mr. GARDNER: There is.

Mr. CHEVRIER: Who is he?

Mr. GARDNER: Head of the contracts section.

Mr. CHEVRIER: What is his name?

Mr. GARDNER: The present person?

Mr. CHEVRIER: Yes.

Mr. GARDNER: Mr. Clarke.

Mr. CHEVRIER: No, the person who was there at the time.

Mr. GARDNER: Mr. Kemp.

Mr. CHEVRIER: Is he here now?

Mr. GARDNER: Yes.

Mr. CHEVRIER: Would Mr. Kemp be prepared to say that, having regard to the circumstances which existed at the time, the unit prices were fair and reasonable?

Mr. BELL (Carleton): We had better wait until Mr. Kemp is a witness.

Mr. CHEVRIER: He is here.

The CHAIRMAN: He is right here; we can clear it up quickly.

Mr. CHEVRIER: Would you care to say, Mr. Kemp—you were the departmental estimator—

Mr. J. O. KEMP (*Chief Contracts Division, Building Construction Branch, Department of Public Works*): Yes.

Mr. CHEVRIER:—whether or not these unit prices, having regard to the circumstances under which the contract was done, were fair and reasonable?

Mr. KEMP: Yes sir.

Mr. CHEVRIER: You believe they were fair and reasonable?

Mr. KEMP: Yes.

Mr. CHEVRIER: Now, General Young, if I may go back to you, at page 66 of the committee reports you stated that the contractor got \$55,000 for excavating 110,000 cubic yards and \$165,000 for excavating 116,000 cubic yards. Now perhaps I had better read the evidence in order to be fair. I believe this question was put by Mr. Walker.

The CHAIRMAN: This appears at page 66.

By Mr. Chevrier:

Q. So that for \$55,000 the contractor excavated 110,000 cubic yards and where he did not bid he charged three times as much and did approximately the same amount of excavation?—A. That is correct.

Q. Yes. The first time he excavated 110,000 cubic yards at \$55,000 and the second time he excavated 116,000 cubic yards for \$165,000?—A. That is correct.

This is my question, General Young: in the first case, the \$55,000 case, the contractor was excavating earth?—A. And rock.

Q. Yes, and in the second case he was excavating a different kind of material?—A. It is still class "A" and class "B" material.

Q. Yes. Let us get class "A" and class "B" cleared up.

Class "A" material is what?—A. Class "A" is rock or heavy boulders.

Q. Class "A" is rock, and class "B" is earth?

By Mr. Bourget:

Q. Mr. Chairman, there is one point there which should be clarified. This class "A" material is rock?—A. Or big boulders.

Q. Or big boulders?—A. That have to be blasted.

Q. Being two cubic yards or more.

By Mr. Chevrier:

Q. Let us get this clear. The class "A" is rock and boulders being two cubic yards or more and class "B" is earth?—A. That is right.

Q. Then I will come back to my question; in the first case in respect of the original contract for \$55,000 the contractor was excavating class "B" material?

Mr. SMITH (*Simcoe North*): There is no evidence of that.

Mr. CHEVRIER: Yes, the evidence is that there was 119,356 cubic yards of class "B" material. That is the evidence which has been given, and only 2,000 cubic yards of class "A" material.

The CHAIRMAN: That appears on page 66.

By Mr. Chevrier:

Q. In the second case the contractor was excavating class "B" material—I am sorry, class "A" material, water and boulders?—A. And class "B" material.

Q. And class "B" material.

Mr. WALKER: Exactly the same.

Mr. CHEVRIER: This is not exactly the same.

Mr. WALKER: Yes it is.

Mr. CHEVRIER: No.

The CHAIRMAN: Let the witness answer.

Mr. CHEVRIER: Let me go on. In the first case he was excavating at the surface—eight to nine feet—as has been said?

The CHAIRMAN: Is that correct General Young?

The WITNESS: Yes, that is correct.

By Mr. Chevrier:

Q. In the second case he was excavating at a much lower level—twice the depth—is that correct?—A. Yes.

Q. In the first case he was excavating what is commonly known as an ordinary excavation job whereas in the second case he was excavating under much more difficult circumstances—A. Well, I was not there, I do not know.

Q. Well, that is fair.

Then, may I put it to you this way: can you confirm, what I understood Mr. Gardner to say, that he was excavating in regard to the second contract, under more difficult circumstances than in regard to the first?

Mr. MURPHY: General Young just said he did not know.

The WITNESS: I was not there and I do not know.

Mr. CHEVRIER: I see.

Mr. BOURGET: May I ask a question here, Mr. Chairman?

By Mr. Bourget:

Q. Would you not agree, General Young, that because of having to go to twice the depth as in the case of the first part of the contract contractor normally the contractor would be working under more difficult circumstances? Would you agree with that?—A. Generally speaking, slightly more difficult. Again, it depends. Sometimes it does not make any difference.

By Mr. Chevrier:

Q. If he was excavating under changed or more difficult circumstances, would that not entitle him to more money?—A. Again, if the circumstances created greater difficulties, yes.

Q. Did the contractor remove the quantities that you mentioned earlier?—A. The records indicate that he did; that is, that he did remove the quantities.

Q. Were the prices fair and reasonable, General Young?—A. For the last extension?

Q. Yes.—A. Again I do not know the circumstances.

Q. Was the contract properly executed as far as you know?

Mr. WALKER: This is four years before he came on the job, Mr. Chevrier.

The WITNESS: Again I do not know.

Mr. CHEVRIER: Mr. Gardner, can you say whether the contract was properly executed?

Mr. GARDNER: To the best of my knowledge it was properly executed.

Mr. CHEVRIER: Do you think the department got value for its money?

Mr. WALKER: Just a moment. He has already told us that he did not know. He did not know what the circumstances were.

The CHAIRMAN: General Young said that. What about Mr. Gardner?

Mr. WALKER: So did Mr. Gardner.

Mr. WINCH: Is that not what we are trying to find out?

Mr. GARDNER: I did not go over these things in detail, Mr. Chevrier. I was not the chief architect at the time. You are asking me a question that I cannot answer.

Mr. CHEVRIER: Mr. Gardner, how much did the entire excavation cost?

Mr. GARDNER: \$238,695.

By Mr. Chevrier:

Q. \$238,695. What was Mr. Cormier's estimate?—A. \$282,500.

By Mr. Walker:

Q. What is that again?—A. \$282,500.

By Mr. Cathers:

Q. What is the date of that estimate?—A. This is contract No. 1. The date of the estimate by Mr. Cormier was some time in May, 1949.

By Mr. Chevrier:

Q. Before May 18, 1949?—A. Before May 18, 1949.

Q. At least 48 hours?—A. At least 48 hours.

Q. In other words this job of excavation was done for approximately \$45,000 less than the architect's estimate?—A. Yes, that is right.

Mr. CHEVRIER: Mr. Gardner, do you not think that your department was doing pretty well under those circumstances?

Mr. WALKER: This is a question for the committee to decide, Mr. Chevrier.

Mr. PICKERSGILL: Surely that is a proper question to ask the chief architect?

Mr. WALKER: It would not be allowed anywhere else except in this committee, but perhaps it will be here.

Mr. CHEVRIER: Well, Mr.—

Mr. WALKER: Walker.

Mr. CHEVRIER:—Walker, thank you.

Mr. WALKER: All right. This is Monday morning, I understand.

Mr. CHEVRIER: I have not been as far over the week-end as you have, but nonetheless—

Mr. WALKER: You have not had as much fun either. I had a glorious week-end.

Mr. CHEVRIER: I am perhaps at a disadvantage because I was not here for the first meetings. I did read the evidence and there was, in all fairness to the committee, a large number of leading questions put by you as counsel.

Mr. WALKER: Which covered everything we have said so far.

Mr. CHEVRIER: That may be but not in the same manner or to the same extent, or under the same conditions.

An hon. MEMBER: Will you please address the court.

The CHAIRMAN: Yes, will you continue.

Mr. CHEVRIER: May I be allowed to complete this?

Mr. WALKER: I think you should be.

Mr. CHEVRIER: I was going on to say that I think the question which was asked was a fair one, and I should be allowed to ask it.

Mr. CATHERS: There is one point I would like to mention here. Tenders were called on May 18, 1949 and the tender given was for \$55,000, yet Mr.

Chevrier is bringing out that Mr. Cormier estimated the job at \$200,000 some odd. Earlier he brought out that the original job was for nine or ten feet. In September the deputy minister visited the property and they put these machines in each corner, went down and found that it had to be excavated then. Well now, where is the timing? If the architect could foresee this, that they only called for tenders for nine or ten feet at a cost of \$55,000, where is the—

Mr. CHEVRIER: Do you want to ask the witness a question, Mr. Cathers? Go ahead and ask him.

Mr. WINCH: Mr. Chairman, is this not the sort of thing that we could decide when we analyse every bit of information we have got? We can recall in our own individual minds the type of question and the type of answer, and then we will reach our decision, Mr. Chairman, of course. But can we not proceed now, and get out evidence that everybody wants to get out? I am not going to be prejudiced anyway.

The CHAIRMAN: Mr. Cathers has a point and it will not take long.

By Mr. Cathers:

Q. I am asking a question, why would the architect make an estimate on a job of \$282,500, and then call for tenders on nine or ten feet?—A. I do not know, Mr. Chairman. That was the estimate by Mr. Cormier that has turned out to be \$55,000 as against \$282,000.

Mr. CATHERS: This is not, though, the assumption that Mr. Chevrier jumped to, that the original estimate and the finished job were pretty near equal.

Mr. CHEVRIER: May I continue?

The estimate which Mr. Cormier gave—

Mr. BOURGET: Mr. Cormier will explain that.

By Mr. Chevrier:

Q. The estimate Mr. Cormier gave was for the excavation.—A. Or was for the completion of the tender called for \$55,000.

Q. Based on the borings the department had made?—A. Yes.

Q. Now, coming to the quantities regarding this contract, can you tell me by whom these quantities were determined?—A. The chief engineer's branch of the Department of Public Works, for the record.

Q. Were they determined and checked by the chief engineer?—A. I do not know, Mr. Chairman.

Q. Do you know whether they were determined and checked by the contractor or the architect?—A. I do not know.

Q. Well, you have said that the quantities were checked and approved by departmental officers. Is that by the contracts branch?—A. Mr. Gardner will answer that.

The CHAIRMAN: I am sorry, what was the answer?

Mr. CHEVRIER: The answer was yes.

Mr. GARDNER: Not by the contracts branch.

Mr. CHEVRIER: I thought you said yes.

The WITNESS: I said Mr. Gardner would answer.

Mr. GARDNER: Not by the contracts branch.

Mr. CHEVRIER: By whom?

Mr. GARDNER: The contracts were checked by the chief engineer's branch of the department of public works.

Mr. CHEVRIER: That is the amount recommended?

Mr. GARDNER: From the estimates by the department, yes.

By Mr. Chevrier:

Q. Then, General Young, at page 66 of the evidence, you said that there were no reasons for the change in the unit price. Down at the bottom of the page, a question by Mr. Walker:

Q. My friend, Mr. Winch, asked—and I think we have reached the stage for this—is there any explanation for this tremendously increased cost by the same man who originally got the tender, and keeping in mind he did not tender for this second job, and there were no comparative prices?—A. I find it difficult, sir, to find a reason for that change. It was in verbal discussions apparently which took place between the deputy minister, or the minister, with Mr. Cormier the contractor.

I am fair in saying then that you could find no reason for the change in the unit price, as stated in this answer?—A. That is correct.

Q. You said you thought it was arranged between Cormier and the deputy minister, or Cormier and the contractor?—A. I assumed that because there was no evidence at the time to the contrary.

Q. You said you could find nothing in the record, is that correct?—A. That is correct.

Q. Now then, General Young, I produce to you a memorandum addressed to the deputy minister, dated Ottawa, September 20, 1949, which reads as follows—

Mr. WALKER: The date please?

Mr. CHEVRIER: September 20, 1949.

By Mr. Chevrier:

Q. Confirming the visit to the above site made by you and the chief engineer, and at an earlier date by Mr. Cormier and the undersigned, it has been established that the nature of the soil is different from what was expected.

As you are aware a contract was let to Messrs. Miron Frere in the amount of \$55,000, for the excavation down to levels elevations 143 and 144, the unit price for any additional work being 50 cents per cubic yard for earth and \$3.00 per cubic yard for rock. No rock was encountered at these levels. Now then—

Mr. WALKER: Do you say no rock was encountered?

Mr. CHEVRIER: "No rock was encountered at these levels".

Now then:

In view of the nature of the soil and the type of construction involved it is thought advisable to bring the excavation down to rock.

The price of \$1.50 above the 50 cents for the first additional 10,000 cubic yards of excavation below levels 143 and 146 has been found fair and reasonable for the material to be excavated and \$1.00 above the original 50 cents for any additional amount over the 10,000 cubic yards.

After the excavation has been completed to rock cross sections will be made and the exact amount of material excavated checked.

With the information on hand it is impossible to give an accurate estimate . . .

(signed) "Chief Architect"

and at the bottom in hand writing it reads as follows:

It is estimated from present data that an amount of 25,000 cubic yards will be removed, but which will vary with the elevation of the rock as—

I cannot read the next word—

“—during the progress of the work.” And it is countersigned by the secretary for R.C. and down in the left-hand corner “E. P. Murphy”.

Then, I would like to take this document in its first paragraph and read you the first paragraph which states that a visit was made to the site “by you and the Chief Engineer”, that would mean the deputy minister and the chief engineer—

. . . and at an earlier date by Mr. Cormier and the undersigned, which is the chief architect. Those four department officers of the department of public works visited the site on at least those two occasions, having regard to this memorandum, is that not correct?—

The WITNESS: I do not know.

By Mr. Chevrier:

Q. Well, you do not know, but is not that what the document says? You have the document in your hand?—A. Yes, I have the document in my hand.

Q. Does not that indicate, by its first paragraph, that there was a visit made by four officers of the department of public works, three of them engineers—

Mr. PICKERSGILL: Three officers and one consulting architect.

By Mr. Chevrier:

Q. Three of them professional engineers?—A. Yes, it does.

Q. So that it is established four persons visited the site; and these four persons were the foremost responsible officers and advisers in the Department of Public Works. Is that right?—A. Yes.

Q. Would you consider that these four persons were qualified to make the statement contained in this memorandum?—A. Yes, Mr. Chairman. But there is one point, and that is the one upon which my former statement was made.

The chief architect, in the last paragraph, said that:

“With the information at hand it is impossible to give an accurate estimate of the number of cubic yards to be excavated.”

Q. Would you like me to go back to that letter? I will take it paragraph by paragraph.

I was asking if you considered that these four persons were qualified to make the statement which they made in this memorandum, and your answer was yes.

Now, I jump over the second paragraph—unless you want me to deal with it—because it has to do with what we know about—that the contract was let to Miron Freres for \$55,000, to go down to levels 143 and 146, with a unit price for any additional work being 50 cents per cubic yards for earth, and \$3 for rock.

Now, coming to this most important paragraph which reads as follows:

“In view of the nature of the soil and the type of construction involved, it is thought advisable to bring the excavation down to rock.” Doesn’t this indicate, General Young, the reasons why it was necessary to go down to rock?—A. Partially.

Q. Is it not said in that paragraph that there were two reasons for going down to rock; first, because of the nature of the soil, and secondly, because of the type of construction?—A. Yes.

Q. And the type of construction, I suppose, means the load of the building which the soil would have to carry.—A. Yes.

Q. So that was a very important decision that these four people made, when they stated in this document that because of the nature of the soil and because of the nature of construction, the load of the building, the load which the soil had to carry, it was thought advisable to bring the excavation down to rock.—A. Yes.

Q. Now, I ask you this question: in view of that paragraph, and in view of this document as a whole, would you consider it was necessary to excavate down to rock?—A. I do not know. I was not there.

Q. That is true, that you were not there. But you have before you the document prepared by four advisors of the Department of Public Works who were there.

Mr. WALKER: No, three.

By Mr. Chevrier:

Q. I am sorry; I should have said three advisers of the Department of Public Works who were there, and one a well known architect, in whom you said you had confidence, by saying that they were responsible officers.—A. I said they were responsible officers. I did not say anything about their competency. I do not know about their competency.

Q. Is there any doubt about the competency of the chief architect of the Department of Public Works?—A. I did not know him.

Mr. WALKER: Who was that, Mr. Brault?

The WITNESS: Mr. Brault.

By Mr. Chevrier:

Q. Is there any doubt about the competency of the chief engineer?—A. I did not know him.

Q. Was there any doubt about the competency of the deputy minister?—A. I do not know his technical or other qualifications.

Q. Was there any doubt about the competency of Mr. Cormier?

Mr. WALKER: Let the committee find that out. That is what we are investigating.

Mr. MURPHY: That is a matter for the committee to decide.

By Mr. Chevrier:

Q. Do you know Mr. Cormier?—A. Yes.

Q. Have you known him for a very long time?—A. I have known him since 1955.

Q. Is he a responsible architect?—A. I have had reservations about some of his decisions.

Q. My question is this: is he considered a responsible architect? Is he an architect in good standing with the profession?—A. As an engineer, I think it is unfair to ask me to comment on an architect.

By the Chairman:

Q. Have you heard of his reputation?—A. Yes, I have heard of his reputation.

Mr. CHEVRIER: Perhaps Mr. Gardner would answer the question. Do you know Mr. Cormier, Mr. Gardner?

Mr. GARDNER: I do.

Mr. CHEVRIER: Is he a responsible architect?

Mr. GARDNER: I believe him to be so.

Mr. CHEVRIER: Is he an architect in good standing with the profession?

Mr. GARDNER: He is.

Mr. BELL (Carleton): Nobody ever suggested that he was not licensed.

Mr. CHEVRIER: Is he not also an engineer?

Mr. GARDNER: I believe him to be an engineer also.

The CHAIRMAN: Was he ever president of the Royal Architectural Institute of Canada?

Mr. GARDNER: I do not think so. I am not positive, but I do not think so.

Mr. CHEVRIER: Going on to the next paragraph:

The price of \$1.50 above 50 cents for the first additional 10,000 cubic yards of excavation below levels 143 and 146 has been found fair and reasonable for the material to be excavated and \$1 above the original 50 cents for any additional amounts over the 10,000 cubic yards".

This contractor was to get \$1.50 above 50 cents for the first 10,000 cubic yards below levels 143 and 146, and \$1 above 50 cents for any additional excavations. Is that right?

Mr. GARDNER: Yes.

Mr. CHEVRIER: It is stated here that these prices have been found fair and reasonable.

Now, Mr. Gardner, is there any reason to doubt that these men were in a position to state that the prices were fair and reasonable?

Mr. GARDNER: They must have been or they would not have so stated.

Mr. CHEVRIER: Then it goes on and says:

"After the excavation has been completed to rock cross-sections will be made and the exact amount of material excavated checked." Can you tell me why that would be put in 'there'?

Mr. GARDNER: Mr. Chairman, it is a normal thing when you are doing excavation work to check the yardage by taking cross-sections. You usually measure the existing levels before you start an excavation and measure them after you finish the excavation; and as a result of these measurements you calculate the yardage which has been moved.

Mr. CHEVRIER: This is a normal thing to do in contracts of this nature?

Mr. GARDNER: This is a normal thing to do.

Mr. CHEVRIER: Then I go on to the last paragraph:

"With the information at hand it is impossible to give an accurate estimate of the number of cubic yards to be excavated."

Is that a statement that would be found in a document having to do with construction such as this?

Mr. WALKER: Well, it is there.

Mr. GARDNER: Datewise I think it would have to be said.

Mr. CHEVRIER: Can you tell us why?

Mr. GARDNER: I am reading the letter and the chief architect indicates that he does not know the depths at which he is going to finish.

Mr. CHEVRIER: He has put that in, and that is a consideration which enters into many contracts.

Mr. GARDNER: You cannot always tell where you are going to end up.

Mr. CHEVRIER: Then I come to the part that is in handwriting:

It is estimated from present data that an amount of 25,000 cubic yards will be removed, but which will vary with the elevation of the rock as—I cannot make out the next words—during the progress of the work.

General Young, I think you wanted to say something?

The WITNESS: It is only this—

Mr. DORION: May I ask from what document you are reading?

Mr. CHEVRIER: Mr. Dorion, this document is from the Department of Public Works to the deputy minister and is dated September 20, 1949.

Mr. DORION: And signed by the minister?

Mr. CHEVRIER: Initialled by him. It is in the documents used originally.

The WITNESS: You referred to my former statement. The reason I used the word, "apparently", was that discussion, at the time, was on the basis of the last paragraph of that letter that the chief architect did not know, but Mr. Murphy did know the quantities. Therefore discussion must have taken place because there is nothing in the records of the department to indicate the 25,000 cubic yards.

By Mr. Chevrier:

Q. Did you see the document?—A. Yes.

Q. How could you say there was nothing in the records to indicate the reason for the change in prices?—A. There is really nothing in it except that statement.

Q. But you did not accept that statement. I will read your evidence again:

A. I find it difficult, sir, to find a reason for that change. It was in verbal discussions apparently which took place between the deputy minister, or the minister, with Mr. Cormier and the contractor.

Here is a document given to the committee by your department, and my question is, how in the face of that document could you say there was nothing in the record to indicate the reason for the change?—A. I do not think there is, to change from 50 cents to \$1.50. There is nothing to support the boring test or to show the quantities, and the quantities enter into negotiations of this kind.

Q. Did you prepare these documents for the assistance of the committee?

—A. They are done by the department.

Q. Did you advise them?—A. Indirectly.

Q. Did you give this to Mr. Walker?—A. Five copies were produced.

Q. You gave them to Mr. Walker?

Mr. WALKER: No; to the chairman.

The WITNESS: I gave them to the chairman.

By Mr. Chevrier:

Q. Did you examine this document?—A. I read the document.

Q. Notwithstanding that document you are still of the opinion—or are you—that there was nothing in the records to justify the change in prices?—

A. Nothing to indicate he said the change had been made.

By Mr. Bell (Carleton):

Q. I am not clear by whom the hand-written notes at the end here are made. Is that by Mr. Murphy or the chief accountant?—A. It is in Mr. Murphy's handwriting.

Mr. McGEE: Mr. Chevrier, are you going to proceed to another document at this point?

Mr. CHEVRIER: Yes.

Mr. McGEE: I have been waiting until you finished this matter to raise a question of privilege.

Mr. CHEVRIER: I would prefer if you raise it later.

Mr. McGEE: I have waited now for three meetings to ask a question, and at this point I have a question of privilege.

The CHAIRMAN: Are you going to proceed, Mr. Chevrier?

Mr. CHEVRIER: I would like to proceed, and allow Mr. McGee to raise his question of privilege right after.

The CHAIRMAN: Yes.

Mr. MORRIS: I do not want to intervene, but under our rules a question of privilege must be heard immediately.

The CHAIRMAN: Mr. McGee agreed to wait.

Mr. McGEE: I have agreed to be allowed some time at the end.

By Mr. Chevrier:

Q. I produce for General Young a submission to council which is dated January 30, 1950. It is addressed to His Excellency the governor in council. It is a submission by the Minister of Public Works of the day which reads as follows:

The undersigned has the honour to report:

That, under the authority of an order in council (P.C. 2807) dated the 2nd of June, 1949, a contract was awarded to Miron & Freres, at \$55,000.00 for the general excavation work required for the National Printing Bureau, Hull, P.Q., with unit prices of \$3.00 per cubic yard for Class 'A' material and 50 cents per cubic yard for class 'B' material for additions to, or deductions from, the contract;

That this contract required the excavation down to elevations 143 and 146, as shown on the contract plans and specification, with the estimated quantity of material to be removed being 110,000 cubic yards of class 'B' material;

That Order in Council (P.C. 3104) dated the 16th of June, 1949, granted authority for the fencing required to enclose the excavation, such work, totalling \$8,000.00, to be considered as an extra to the contract;

That the excavation to elevations 143 and 146 was completed with the removal of 119,326 cubic yards of class 'B' material and 2,000 cubic yards of class 'A' material (boulders), the increased quantities amounting, at the unit prices of the contract to \$10,663.00 as hereunder:

9,326 cubic yards 'B' material at \$0.50 per cubic yard	\$ 4,663.00
2,000 cubic yards 'A' (boulders) at \$3.00 per cubic yard	6,000.00
	<hr/>
	\$10,663.00

That it was also necessary to undertake certain borings, and the chief architect of the Department of Public Works authorized the contractors to perform this work at a lump sum price of \$998.00;

That, as no solid rock was encountered to elevations 143 and 146, and in view of the nature of the soil and the type of construction involved, the chief architect of the Department of Public Works considers it necessary to bring the excavation down to solid rock, which will involve the removal of 103,011 cubic yards of class 'B' material and 2,000 cubic yards of class 'A' material (boulders) based on present data but which will vary with the elevation of the rock as determined during the progress of the work;

That the contractors have agreed to undertake this additional work at a price, for class 'B' material, of \$1.50 per cubic yard above the

aforesaid \$0.50 per cubic yard, or a total of \$2.00 per cubic yard, for the first additional 10,000 cubic yards of material removed below elevations 143 and 146, and a price of \$1.00 per cubic yard above the aforesaid \$0.50 per cubic yard, or a total of \$1.50 per cubic yard, for any additional material over 10,000 cubic yards removed below elevations 143 and 146, together with the existing price of \$3.00 per cubic yard for boulders;

That the chief architect of the Department of Public Works considers these prices fair and reasonable and advises the performance of the work, which on the aforesaid basis, will amount to about \$165,516.50, as hereunder:

10,000 cubic yards 'B' at \$2.00 per cubic yard	\$ 20,000.00
93,011 cubic yards 'B' at \$1.50 per cubic yard	139,516.50
2,000 cubic yards 'A' at \$3.00 per cubic yard	6,000.00
	<hr/> \$165,516.50

That the deputy minister of public works concurs in the above recommendation;

That the expenditure in this connection will be a proper charge against the appropriation of \$1,600,000.00 (items 346, main estimates and 870, supplementary estimates) granted by parliament for the fiscal year 1949-50 for national printing bureau.

The undersigned has, therefore, the honour to recommend that authority be granted for the abovementioned additional work required to bring the excavation for the national printing bureau, Hull, P.Q., to elevations 143 and 146 and amounting to \$11,661.00 (\$10,663.00 for excavation and \$998.00 for borings), such work to be considered as an extra to the contract of Miron & Freres.

The undersigned has the honour to further recommend that authority be granted for the removal of the additional material required below elevations 143 and 146 to bring the excavation down to rock, such work to be performed by Miron & Freres as an extra to their contract, at unit prices of \$2.00 per cubic yard for the first 10,000 cubic yards of class 'B' material, \$1.50 per cubic yard for any additional over 10,000 cubic yards of class 'B' material, and \$3.00 per cubic yard for class 'A' material (boulders), and amounting, for the approximate quantities listed above, to about \$165,516.50.

Respectfully submitted,

(Sgd) Alphonse Fournier
Minister of Public Works.

Now, having regard to the original contract and the additional, the extra that we have been discussing this morning, does not this submission to council pretty well cover everything concerning this contract?

The WITNESS: It covers the amounts.

Mr. CHEVRIER: And the work, does it not? Would you not consider that this order in council is a pretty carefully prepared document?

Mr. BELL (Carleton): It is not an order in council; it is a submission to council.

Mr. CHEVRIER: That this submission to council, is a carefully prepared document by the officials of the Department of Public Works covering the whole picture of these two contracts.

Mr. WALKER: Except the reason for the increase in price.

Mr. BOURGET: It is set out in the letter.

Mr. MORTON: It does not give technical evidence to back it up.

Mr. CHEVRIER: The reason for the increase in price is set out in the memorandum which I have read and the submission to council, and another document which I would like to refer to at a later date because I have not the time at present.

Mr. MURPHY: The general has already said he did not approve of the extra increase in the price.

Mr. CHEVRIER: You may proceed with your questions afterwards, but I would like to be allowed to continue. Now I would like to deal—

Mr. MURPHY: Stick to the facts then.

Mr. CHEVRIER: I am sticking to the facts, Mr. Murphy; do not let that bother you. I will stick to the facts and if I do not, I am sure I will be called to order quite quickly.

Mr. MURPHY: The general has already made the statement—

The CHAIRMAN: Let us proceed with Mr. Chevrier.

Mr. CHEVRIER: Now I want to deal at some length with this submission to council. I see it is already a few minutes to eleven and Mr. McGee wants to raise a question of privilege. Perhaps I may be allowed to proceed with this at the next meeting.

Mr. DORION: Could you tell me the date of that submission?

Mr. CHEVRIER: The submission to counsel is dated January 30, 1950.

Mr. McGEE: Thank you very much, Mr. Chevrier.

Mr. Chairman, my question of privilege strikes right at the roots of the whole procedure of this committee. I am referring to a statement in the Globe and Mail of August 16, 1958, apparently emanating from the office of Senator Fournier in which he makes the following statement, according to this report.

"There is not a word of truth in what General Young said before the public accounts committee."

My submission is this, Mr. Chairman, that a statement of that kind which in effect calls our chief witness a liar should be cleared before the proceedings of this committee continue.

Mr. PICKERSGILL: Would Mr. McGee permit me to interrupt? I think what he is raising is a point of order, not a question of privilege.

Mr. McGEE: I think this is a question of privilege in that it goes to the veracity and truthfulness of statements which to date in this committee have been the main part of the evidence.

Mr. CHEVRIER: That is not a question of privilege so far as you are concerned, if I understand the committee's proceedings—which is the same as the proceedings in the House of Commons. If any member feels himself aggrieved he can raise a question of privilege. You are now raising a question of privilege for someone else. I am just wondering if you are in order.

Mr. McGEE: I am doing that perhaps because of the inability of a witness to defend himself in this regard. I think we will all agree that we should be fair to the witnesses at every stage.

Mr. PICKERSGILL: You are not Senator Fournier.

Mr. CHEVRIER: The witness did not see fit to raise that.

The CHAIRMAN: Gentlemen, in regard to this question, I know it is in the minds of some of you and I propose to rule as follows, and I hope you will give me your cooperation: first of all, the matter which is referred to is not relevant to the discussion which we have in this committee, nor is it pertinent.

My reason for saying that is that in the evidence, which you may not have before you but which reads as follows, and I am reading the words of General Young:

After a building is completed we have to effect a move which, incidentally, Mr. Chairman, has not been charged in this amount because I felt it was not part of the construction.

We are discussing the matter of the construction of the printing bureau. Furthermore, this is a committee of the House of Commons. If a senator feels aggrieved he can raise the subject in the senate.

The matter should never have been raised in the first place. It is not pertinent to our inquiry. We are not here to settle disputes between Mr. A. and Mr. B. They can look after that themselves.

My ruling is that any reference to Senator Fournier or General Young as came out in the last meeting is out of order and should not be discussed.

Mr. MCGEE: With the greatest respect, Mr. Chairman, does it not seem to you that, if a man of the prominence and position of a senator of Canada says in effect that there is not a word of truth in what General Young said before the public accounts committee, and to date practically all the information which this committee has extracted has been from General Young, the matter should be cleared before we proceed?

The CHAIRMAN: I think it is quite clear that Mr. A. and Mr. B. do not exactly love each other, and they can settle that outside of this committee as far as I am concerned.

Mr. DRYSDALE: Mr. Chairman, I think it is a matter of extreme relevancy; that is, the question as to whether or not pressure is being exerted on a civil servant in the matter of negotiating public contracts.

I was stated at page 12, when you originally set out the scope of the investigation, as the Prime Minister stated:

Actually its power lies in the publicity which it is able to give to the questions it investigates and in the moral effect on the departments of its criticisms.

I think this is a matter of extreme importance. I would suggest, Mr. Chairman, that Mr. Fournier be called to substantiate the allegations made in the newspaper.

Mr. PICKERSGILL: Mr. Chairman, since you have permitted a little discussion, could I say a very brief word on this point?

It seems to me that if Senator Fournier regards himself as aggrieved he, as a Member of Parliament of the other place, has a forum for doing that. If General Young considers himself aggrieved—this statement was made outside of parliament and Senator Fournier has no privilege—General Young has the ordinary redress of any other citizen in the courts.

As to the other point raised by Mr. Drysdale, which is a more important point, and that is the question of whether or not these comparative statements are accurate, I would quite agree that after we come to the point in the committee where we are considering the moving contract, if it is then alleged that there was something wrong with the contract which was given to Mr. Hurdman which, incidentally was not supported by Senator Fournier, then it would be a proper matter for this committee. Up to now, the contract was not awarded to Senator Fournier's friend and any alleged threat had no effect; and therefore it seems to be none of our business at all.

Mr. DRYSDALE: Mr. Chairman, if I might continue on with the allegations on page 13.

The CHAIRMAN: No, no, I have already ruled. I am sorry to be difficult but we have more important matters to consider than this.

Mr. McGEE: More important than the veracity of the chief witness?

Mr. DRYSDALE: I question your ruling, Mr. Chairman.

The CHAIRMAN: I maintain this has nothing to do with the matters under discussion and should not be considered. This should never have been raised at the last meeting, and I rule that it is out of order.

Mr. DRYSDALE: Mr. Chairman, before you make the ruling, could I have the opportunity then, at the next meeting, of further substantiating the allegations? If that is your final ruling, I would question that ruling and have it put to the meeting.

The CHAIRMAN: My ruling has been made, gentlemen. In my judgment we should not continue this matter any further.

Mr. DRYSDALE: I would question that ruling at the next meeting, Mr. Chairman, and ask that it be put to the committee.

The CHAIRMAN: As you like.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament
1958

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STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

TUESDAY, AUGUST 19, 1958

WITNESSES:

Major General H. A. Young, Deputy Minister, Mr. D. A. Freeze, Director
Property and Building Management Branch and J. O. Kemp.
Contracts Division, Department of Public Works.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton, (d)

Vice-Chairman: Mr. Richard A. Bell (*Carleton*) (a),
and Messrs.

Badanai	Fraser	Morton
(b) Benidickson	Granger	Murphy
Bissonnette	Grenier	Nasserden
Bourget	Hales	Nugent
(h) Broome	Hanbidge	Pickersgill
Campbell (<i>Stormont</i>)	Hardie	Regier
Campeau	Keays	Smith (<i>Simcoe North</i>)
(f) Carter	Lahaye	Smith (<i>Winnipeg North</i>)
Cathers	Macdonald (<i>Kings</i>)	Spencer
(i) Chevrier	MacRae	Stewart
Coates	Martel	Valade
(c) Crestohl	McGee	Villeneuve
(j) Dorion	McGregor	(e) Walker
Drouin	McMillan	Winch
(g) Doucett	Morissette	Wratten
(l) Drysdale	(k) Morris	Yacula

Antonio Plouffe,
Assistant Chief Clerk of Committees.

- (a) Replaced Mr. Campbell (*Lambton-Kent*) on July 8.
- (b) Replaced Mr. Boulanger on June 12.
- (c) Replaced Mr. Denis on July 31.
- (d) Replaced Mr. Crestohl on July 9.
- (e) Replaced Mr. Small on July 9.
- (f) Replaced Mr. Houck on August 6.
- (g) Replaced Mr. McCleave on August 12.
- (h) Replaced Mr. Morris on August 12.
- (i) Replaced Mr. Robichaud on August 13.
- (j) Replaced Mr. Bourbonnais on August 15.
- (k) Replaced Mr. Allmark on August 14.
- (l) Replaced Mr. Horner (*Acadia*) on August 14.

MINUTES OF PROCEEDINGS

TUESDAY, August 19, 1958.
(10)

The Standing Committee on Public Accounts met this day at 9:30 o'clock.
The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Bourget, Campeau, Carter, Chevrier, Crestohl, Dorion, Doucett, Drysdale, Grenier, Hanbidge, Hardie, Keays, Lahaye, Macdonald (*Kings*), Macnaughton Martel, McGee, McGregor, Morissette, Morton, Murphy, Pickersgill, Smith (*Simcoe North*), Spencer, Stewart, Valade, Villeneuve, Walker and Winch—31.

In attendance: Major General H. A. Young, Deputy Minister; Messrs. D. A. Freeze, Director, Property and Building Management; R. G. McFarlane, Assistant Director, Property and Building Management Branch; and J. O. Kemp, Contracts Division, Building Construction Branch; all of the Department of Public Works.

The Chairman reported that Mr. Gardner, Chief Architect, Department of Public Works, who has been a witness throughout the proceedings, had suffered a recurrent heart seizure. He expressed to Mr. Gardner the Committee's wishes for a prompt and speedy recovery.

Mr. Drysdale commented on the relevancy of the question of privilege which he raised at the previous meeting, which was ruled out of order. After reconsidering the circumstances he desisted from his intention to appeal the Chairman's ruling.

Major General Young was called and further questioned on Exhibit P-3, being the six contracts for the Printing Bureau.

The witness was assisted by Messrs. Kemp and Freeze.

In the course of the examination continuous references were made to the plans and specifications dealing with the construction of the Printing Bureau.

At 11:00 o'clock, General Young's examination by Mr. Chevrier still continuing, the Committee adjourned until Thursday, August 21 at 9:30 o'clock.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

TUESDAY, August 19, 1958.

The CHAIRMAN: Gentlemen, I am sorry to announce that Mr. Gardner who has been with us steadily from the beginning, and who suffered a heart attack last year, had a small recurrence of the same thing yesterday and is at home, for the time being, in bed. Mr. Gardner came here when he was not feeling very well and he deserves all credit for lasting as long as he did. We all hope, I am sure, that his recovery will be soon and speedy, and that he will obtain full health very shortly.

Mr. Kemp is here in Mr. Gardner's place and he will do his best to substitute and assist General Young.

The meeting is now opened.

Mr. CHEVRIER: Mr. Chairman, I have already expressed to General Young my personal regret in Mr. Gardner's illness and I am sure all other members of the committee feel as I do and hope that he will have a speedy recovery.

Mr. BELL (Carleton): I am sure that is shared by all members of the committee.

Mr. DRYSDALE: Mr. Chairman, when we adjourned last night I believe I was at the point of challenging your ruling on the matter of relevancy. In the intervening hours I have had the opportunity of some quiet contemplation and have reconsidered the situation.

At the point when I made the objection, the situation that was bothering me was the fact that General Young had alleged he was pressured in relation to a certain contract involving the public printing department. We were then faced with a situation where Senator Fournier in Miami apparently issued a press release denying the allegations.

During the conduct of this inquiry there have been a large number of documents submitted. It is with a sort of growing sense of personal worry that I have been bothered by the type of documents which have been submitted. I refer, Mr. Chairman, to the fact that documents have been going in and we, as a fact-finding committee, are in a sense accepting the facts in these particular documents. Very often they are letters and other documents which should legally and technically be put in through the particular witness concerned.

Mr. CHEVRIER: Are you dealing with a point of order or with the evidence before the committee?

Mr. DRYSDALE: I was merely giving the background which led to my objection as to the question of relevancy. That was culminated by the fact that Senator Fournier was making statements from Miami that were not subject to cross-examination.

On the basis of what the chairman said in the introduction of last meeting, when unfortunately I was absent, where he said, "I am going to adhere to the strict line of the contracts relating to the building", I will at this time withdraw my objection and maintain the attitude of relevancy that he has brought forward; but, nevertheless, I would point out to the committee that the moving contracts which were discussed are on page W-7 of the 1958 public accounts book and I feel possibly at that time, should the situation justify it, that the matter could then be reopened.

I am also conscious, sir, of another problem which has been discussed in the newspapers. The fact is I am a Conservative and the chairman is a Liberal, and I feel that the chairman is doing an excellent job on the public accounts committee—

Some hon. MEMBERS: Hear, hear.

Mr. DRYSDALE: —and I feel that every support should be given to him in continuing that job; and I, for one, in view of the circumstances feel I should withdraw my resolution.

Mr. PICKERSGILL: Mr. Chairman, I think we all appreciate the splendid attitude taken by Mr. Drysdale, and I think I can speak for all the members on our side of the committee, if you like to put it that way, and say that when the moving contract comes up, in this, as in everything else, we have nothing to hide and are happy to have any relevant evidence brought forward.

The CHAIRMAN: Thank you, Mr. Drysdale.

May we continue.

Major General H. A. Young (Deputy Minister, Department of Public Works):

By Mr. Chevrier:

Q. Yesterday, General Young, I had reached the point where I had produced the submission to council dated January 30, 1950. I would ask you to take it in hand. It is the first contract; we were dealing yesterday with contract No. 1. Would you take in hand now the submission to council dated January 30, 1950? As quickly as I can, I would like to go over the pertinent parts with you. The introductory paragraph refers to the original contract of \$55,000 as covered by the order in council, P.C. 2807.—A. Correct.

Q. The next paragraph covers the authority for additional material to be excavated, that is, 110,000 cubic yards of "B" material?—A. Yes.

Q. The following paragraph covers authorization for the fencing referred to at \$8,000, and it is substantiated by order in council P.C. 104?—A. Yes.

Q. The following paragraph deals with the excavation and states that the excavation has been completed as set out therein?—A. Yes.

Q. Then there is an item dealing with the borings and it states that the chief architect feels that this boring should be done in the sum of \$998.—A. Yes.

Q. The following paragraph covers the point that the excavation has gone down to 143 and 146 and no rock was encountered, and the chief architect recommended it be brought down to rock?—A. That is what it states.

Q. The following paragraph covers the authority for the increased price over and above 50 cents for class "B" material to \$1.50 and the additional \$1.50 for class "A" material?—A. That is correct.

Q. The subsequent paragraph states that the chief architect recommends and considers these prices, that is \$1.50 for class "B" and \$3 for class "A" material as being fair and reasonable?—A. That is what it states.

Q. Further on there is an authority to indicate from where the money is to come—from the vote passed by parliament?—A. That is correct.

Q. And then there are the governing parts, and the two governing parts of the submission to council are the one covering the extra of \$10,643 and the borings, and the other the authority to enter into a contract with Miron Freres for the additional material?—A. That is it, in substance.

Q. If I have put the substance of this submission to council correctly, may I not say to you this is a pretty good record of the first contract?

Mr. WALKER: My friend has gone over this three times. It was read into the record yesterday and now he is asking the General to answer his question yes or no, that that was a pretty good record.

Mr. CHEVRIER: I submit it is a question which should be allowed because it is there and I have gone over the pertinent parts of it. I say to the General fairly, is this not a pretty good record of the contract.

Mr. MURPHY: Mr. Chairman, is that not for the committee to decide?

Mr. PICKERSGILL: If I may say a word at this point, I would draw your attention to page 67 of the proceedings in respect of the particular contract. There is a question about a third of the way down the page asked by Mr. Walker:

Would you be able to say what occurred, from your study of the record?

The answer is:

No, I cannot; the records do not show it.

It seems to me, by virtue of that question, that the question asked by Mr. Chevrier is a very pertinent question.

Mr. WALKER: The record still does not show how you could "up" a price three times as much on the extras.

The CHAIRMAN: What is the question again?

By Mr. Chevrier:

Q. The question is: was this submission to council not a pretty good record of the first contract?—A. Mr. Chairman, it is a record of what transpired, but does not explain why the prices were increased.

Mr. WALKER: I cannot hear.

The WITNESS: It is a record of what transpired but does not explain why the prices were increased.

By Mr. Chevrier:

Q. Then I must leave that for the moment and come back to the document which I tabled yesterday, and which I read to you, which was a memorandum from the chief architect to the deputy minister dated September 20, 1949, the third paragraph of which indicates the reasons for the change in prices, and reads:

In view of the nature of the soil and the type of construction involved, it is thought advisable to bring the excavation down to rock.

There were the reasons, the nature of the soil and the type of construction, and also the weight of the building, which were given for going down to rock. So, I come back to this: are those not two good reasons for the change in prices?

Mr. WALKER: It is argument. This is argument all the way through and whether or not it is delaying tactics we will decide later. All this was gone over in detail yesterday. It has been gone over three times and the delay here—

Mr. PICKERSGILL: On that point, we were told at a time when no member of the committee except Mr. Walker had these documents in his possession that there was nothing in these records about this matter. Mr. Chevrier has produced three documents which were in the records and in Mr. Walker's hands, and it seems to me this is very relevant and very pertinent indeed. The sentence was read to the effect that the records do not show it, and we now know that the records do show it.

Mr. WALKER: No. You are continuing argument.

The CHAIRMAN: May we go on. It may not take too long.

By Mr. Chevrier:

Q. It will not if I get the answer. Again I put the question: was this not a pretty good record?—A. I say it is a record of the transactions. In my opinion it is still not adequate evidence as to why the prices were increased. That is my opinion.

Q. Then why do you say at page 67 the records do not show it? To be fair, let me put the question as put by Mr. Walker:

Would you be able to say what occurred, from your study of the record?

And you replied:

No, I cannot; the records do not show it.

A. In my opinion the records do not show adequately why the prices were increased.

Q. Who prepared this submission to council?—A. It would be prepared by the department.

Q. What particular officers are assigned to the preparation of a submission to council?—A. The chief of the legal branch works with the chief architect. The actual wording is done by him.

Q. The chief of the legal branch would obtain his information from the chief architect?—A. That is correct.

Q. What is the object of a submission to council?—A. To get authorization for the expenditure of money.

Q. Is there not more than that? That is true, but is it not also to give to council a complete picture of the contract, or the extra, or the item, that is before it for approval?—A. In general terms; yes.

Q. So that this submission was in order that the cabinet would have all the facts before it?—A. Yes; necessary facts.

Q. Now, were you not aware of this document?—A. Yes; I was aware of it.

Q. When were you aware of this document?—A. When we understood that the printing bureau was to be examined by this committee.

Q. When was that, General Young?—A. Right after the announcement was made of the formation of the committee and the appointment of the chairman. I cannot give you the exact date.

Q. After the announcement of the formation of this committee?—A. And the appointment of Mr. Macnaughton as chairman.

Q. Does that mean you did not take cognizance of this file and this document particularly until that time?—A. No, not in detail.

Q. Since you have become deputy minister have you had occasion to recommend any additions in contracts for excavation?—A. Only in respect of contract No. 6. There were some excavations—

Mr. WALKER: You said "excavations".

Mr. PICKERSGILL: I think Mr. Chevrier's question was a general one, was it not?

By Mr. Chevrier:

Q. Yes, it was. I was referring not only to these contracts, but to contracts in general in the Department of Public Works. Since you have become deputy minister have you had occasion to recommend additions to any contracts for excavation?—A. A very small amount in the site development in item (g) in contract No. 6.

Mr. PICKERSGILL: General Young, I think that you have not quite caught Mr. Chevrier's question. His question does not relate to the printing bureau at all. He is asking, since you became deputy minister have you had occasion to recommend any additions to contracts for excavation in any part of Canada?

The WITNESS: Oh, yes.

Mr. BELL (*Carleton*): If, as Mr. Pickersgill says, this is not related to the printing bureau, then I suggest it is not relevant here.

The CHAIRMAN: I think we can stop there. We have the answer to the question. Let us proceed.

By Mr. Chevrier:

Q. Let me continue that. Since you have become deputy minister, have you not had trouble with sites other than that of the printing bureau?—A. Yes, we have had trouble.

Q. Can you tell me where?

Mr. CRESTOHL: You sound a little weak, Mr. Young. Can you speak a little louder?

The WITNESS: We have had that trouble. I have not the records here.

Mr. CHEVRIER: Can you get them?

Mr. WALKER: What is this, a fishing expedition? This has nothing to do with the printing bureau.

Mr. PICKERSGILL: I might point out, Mr. Chairman, that you will recall that Mr. Walker at an earlier stage of these proceedings—

Mr. WALKER: You are not the chairman. I am asking the chairman for a ruling as to whether or not this is relevant.

I might suggest in regard to the point you have made that you have struck out the remarks of Senator Fournier. You do not want that gone into. Anything that is going to harm the Liberal cause you want kept out; but now you are attempting to go right across Canada and ask the General if he has any experience with other excavations where he has had to have extras. I suggest you are going very far afield. You are cutting the pattern to suit your own purse, always.

Mr. PICKERSGILL: I think perhaps now that Mr. Walker has completed I will continue the remarks I was about to make, Mr. Chairman. It will be seen on the record that Mr. Walker, at an earlier stage of questioning, asked the present witness about excavations made in the year 1949 in seven other places in Canada. Mr. Walker set the precedent, which Mr. Chevrier is following today, with much less relevance to the matter at issue.

Mr. WALKER: No, it was before the election. It was very relevant.

Mr. PICKERSGILL: This committee has nothing to do with elections; it has to do with public accounts.

Mr. BELL (*Carleton*): Surely it has to do with the printing bureau, and not with the Department of Public Works generally.

Mr. PICKERSGILL: If I could continue for a moment, Mr. Chairman. I am arguing that Mr. Chevrier's question is strictly related to what is now before us. We are discussing extras in an excavation contract. Mr. Chevrier is seeking to show that this was not the only time such a situation arose. He was asking the general if that situation had not existed on other sites, in his experience, with a view to finding out how General Young himself dealt with similar situations, which seems to me to give it more relevance. That is what—

The CHAIRMAN: I remember that last week Mr. Walker did introduce the question of excavations in several other spots across the country. However, I do think that you have outlined the situation pretty clearly this morning. I think you have had your answer and I would suggest we get back to the printing bureau.

Mr. CHEVRIER: All right, Mr. Chairman.

By Mr. Chevrier:

Q. Following the submission to counsel, General Young, there comes the order in council approving of that submission?—A. Yes.

Q. That is order in council—I am sorry, I cannot get the number from this document.—A. 475, I think it is.

Q. Order in council No. 475, the date of which I cannot give either because it is not clear here. Do you have that approval?

Mr. J. O. KEMP (*Chief Contracts Division, Building Construction Branch, Department of Public Works*): February 3, 1950.

Mr. CHEVRIER: February 3, 1930?

Mr. KEMP: 1950.

Mr. CHEVRIER: 1950, I am sorry.

By Mr. Chevrier:

Q. That document is in your files. Would you take it and look at it so that we can consider its contents? I will try and not deal with it at too great length, nor will I read it into the record because it is in the file. Here again the committee of the privy council reports what it has found. It reports first that a contract has been awarded to Miron & Freres for \$55,000 at the prices therein stated.—A. Yes.

Q. It covers—

Mr. BELL (*Carleton*): With great respect, Mr. Chairman, surely this is just a repetition of the submission to council. This is surely just wasting time, taking a submission to council which is contained in the order in council and going through it paragraph by paragraph.

Mr. CHEVRIER: I can do it very quickly. The reason I am doing it is that it has been stated, I think, that there is nothing in the record and I want to make it quite clear that not only was there nothing in the record—

Mr. PICKERSGILL: "Something" in the record.

Mr. CHEVRIER: Not only was there something in the record but—

Mr. WALKER: You were right the first time.

Mr. CHEVRIER: —but there was a comprehensive picture of not only the contract but the extra as well.

Mr. WALKER: That is purely argument. You know that General Young told you there was still nothing on the record to justify that.

Mr. CHEVRIER: The general is entitled to his opinion.

Mr. WALKER: And you are examining him.

Mr. BELL (*Carleton*): You are bound by what he says.

Mr. CHEVRIER: I am entitled to examine him by any method which I see fit.

Mr. WALKER: Oh, no, you are not.

Mr. CHEVRIER: Just a moment—to show that the taxpayer got value for his money.

An Hon. MEMBER: Oh, oh, oh.

The CHAIRMAN: Did you read this submission yesterday?

Mr. CHEVRIER: No, I did not read the submission yesterday.

Mr. BELL (*Carleton*): He read the submission, yes.

Mr. CHEVRIER: I am sorry, I did read the submission, yes. I did not read the order in council yesterday. I have now gone from the submission to the order in council.

Mr. WALKER: Which is a recapitulation of the submission.

Mr. PICKERSGILL: It is quite obvious that certain members of this committee are very anxious to prevent the facts from coming out.

An Hon. MEMBER: You are stalling. This is professional stalling.

Mr. WALKER: Everyone knows that you are trying to hide the story. We have a lot to bring out yet.

Mr. CRESTOHL: Mr. Chairman, I object to these gratuitous remarks.

The CHAIRMAN: The objection is sustained.

Mr. WALKER: Mr. Crestohl, your contribution so far has been nothing.

Mr. PICKERSGILL: At least Mr. Crestohl has not misled the committee.

Mr. SPENCER: Mr. Chairman, I think we should have a little order here because if everybody is going to get into this argument, I want to get into it too.

The CHAIRMAN: I think the argument is now finished. Everyone has had a good time. Let us get back to business.

By Mr. Chevrier:

Q. The order in council covered the fencing. It covers the borings, it states that the excavation must go down to rock, and it covers the prices that the contractor was to receive, as well as the statement that they were fair and reasonable, is that correct?—A. That is correct.

Q. Then, the governing words of the order in council divide themselves into two parts. First, the committee of the Privy Council recommends the payment of the \$11,661, that was referred to earlier, and recommends the entry into an agreement with the contractor for the extra amounting to approximately \$165,510.50.

Mr. WALKER: Mr. Chairman, I object to this. General Young knows nothing about this order in council. All he has before him is a copy of it. My friend has not qualified General Young as a witness in orders in council. He is here to give the facts. What you are asking him, Mr. Chevrier, is obvious to you or to anybody else. I suggest that you cannot ask General Young questions about an order in council passed four years before he had anything to do with the department.

Mr. CHEVRIER: He has an order in council in his hand.

Mr. WALKER: So has everybody.

Mr. CHEVRIER: He is the deputy minister of the department and he knows how orders in council are handled, and he knows how submissions to council are made. He knows how they are prepared and he knows whether or not this covers the picture of that particular contract. That is why I am asking him the questions.

The CHAIRMAN: Did you get your answer? Did you answer, General Young?

By Mr. Chevrier:

Q. I simply had reached the point where I was saying that the governing words of the order in council authorised the entry into the contract with the contractor for the amount of \$165,000 odd, is that correct?—A. That is correct.

Q. Then there follows in the record a letter dated February 9, 1950, from the chief architect, Mr. Cormier to Mr. Brault advising him that this had been done and that he had approval to go ahead?—A. That is correct.

Mr. CHEVRIER: Here I simply want to make this statement, and remind the committee that I have put on the record, dealing with contract No. 1, three documents; one dated September 20, 1949, the submission to council and the order in council, and the authority to the architect, all of which indicate, in my opinion, the complete picture of this transaction for contract No. 1.

Mr. BELL (*Carleton*): Let us examine the witness.

Mr. WALKER: You are giving an opinion.

Mr. DRYSDALE: Mr. Chairman, I wonder if I might make an objection at this point with regard to the difficulty I had raised a little earlier in connection with something Mr. Chevrier had raised previously.

This is a letter dated September 20, 1949, purportedly typed out on the instructions of the chief architect, although there are notations proposed by Mr. Murphy. What is bothering me, Mr. Chairman, is, will Mr. Murphy appear before this committee in order that we might examine him as to who dictated the letter and as to the background of it? The difficulty is that Mr. Chevrier is taking these statements made in the letter and using them as the whole premise for his submission and for the order in council. We cannot, of course, examine the chief architect, but there are notations on the letter made by Mr. Murphy and we have had no opportunity of finding out whether or not the letter was perhaps dictated at his request, setting out his observations. I am wondering if we are going to have the opportunity of meeting Mr. Murphy in order to verify these particular statements.

The CHAIRMAN: The steering committee has considered it and decided that we would proceed on a day-by-day basis. Plans were made last week and were completely thrown out two days later. We find it impossible to make plans.

To answer your question specifically, I suppose in due course we will come to that.

Mr. DRYSDALE: The difficulty that I have, Mr. Chairman, is that as I understand it, this is a fact finding committee. We put in documents without being able to cross-examine to find out whether or not those facts contained therein can be established, or what the explanations are.

Mr. BELL (*Carleton*): I think Mr. Drysdale can be assured that we will take all the proper steps to get all the proper facts in relation to this.

Mr. PICKERSGILL: I would certainly agree with Mr. Drysdale and suggest that that should be done. There are two people at least, about whom we know,—Mr. Cormier and Mr. Murphy,—whose conduct is referred to in that document. It seems to me if there is a doubt about it, they should both be called at the proper time.

The CHAIRMAN: We are proceeding step by step.

Mr. PICKERSGILL: I understand Mr. Brault cannot be called by this committee because he is no longer in this world; but Mr. Blais, I understand is, and he was also mentioned in that document.

Mr. DRYSDALE: I just wanted to make that clear to the members of this committee so that they will understand that these are merely submissions made by Mr. Chevrier and are subject to corroboration by the calling of the witnesses involved.

The CHAIRMAN: That is correct.

Mr. PICKERSGILL: I think we should make the one distinction that these are files produced by the deputy minister.

Mr. DRYSDALE: That does not say anything about the truth of them.

Mr. PICKERSGILL: I am just suggesting that they were the—

The CHAIRMAN: Order, please.

Mr. PICKERSGILL: Do not forget that these are the very documents that Mr. Walker was using last week.

Mr. DRYSDALE: Mr. Chairman, it does not matter who was using them. That does not establish the truth or veracity of those particular words.

The CHAIRMAN: We did indicate that in due course we would call the witnesses. We have the power.

Mr. CHEVRIER: Before I leave contract No. 1, could I ask Mr. Kemp one or two questions?

Mr. KEMP: did you have anything to do with checking of the quantities in the original or the additional contract?

Mr. KEMP: No, sir.

Mr. CHEVRIER: What exactly are your duties with the department?

Mr. KEMP: At the time I was senior quantity surveyor in charge of the contract.

Mr. CHEVRIER: Could you speak a little louder?

Mr. KEMP: I was senior quantity surveyor.

Mr. CHEVRIER: What do those duties consist of?

Mr. KEMP: The checking of extras, reporting on the costs of buildings and recommending the acceptance of tenders.

Mr. CHEVRIER: Did you check on the extras of this contract amounting to \$165,000, or thereabout?

Mr. KEMP: No, sir.

Mr. CHEVRIER: Then, I pass on to contract No. 2.

Mr. WALKER: Before you leave this matter, may I ask a question?

Mr. CHEVRIER: Yes.

By Mr. Walker:

Q. Do I understand from you, General Young, for this nine foot hole in the earth, without rock and without any shorings, that the architect, Mr. Cormier, employed by the department, estimated the cost of digging that nine foot hole at \$282,500?—A. Yes.

Q. That is more than five times the amount of the lowest bid?

Mr. CRESTOHL: Where does that come from?

Mr. WALKER: The evidence of yesterday.

Mr. KEMP: It was given yesterday on the estimates.

By Mr. Walker:

Q. Is that not a fantastic miscalculation?—A. Events proved it; but I do not know the circumstances at the time.

Q. Were every one of those estimates which were put in 48 hours before the close of the tenders all on the same basis, all higher than the lowest bidder?—A. As a matter of fact they were all higher.

Q. All higher than even in a contract with all the extras added?—A. I think that is essentially true.

Q. Does that not open a dangerous procedure to be followed and—

Mr. CHEVRIER: Who is leading the witness?

Mr. PICKERSGILL: I am sure this has nothing to do with facts.

Mr. WALKER: It is public money.

The CHAIRMAN: I think we should proceed with contract No. 2 unless you have a precise question.

Mr. CHEVRIER: Mr. Bourget has a question.

By Mr. Bourget:

Q. Mr. Walker mentioned the first estimate for excavation made by Mr. Cormier in the amount of \$283,000. Have you the breakdown of the estimate

of Mr. Cormier?—A. Yes. Class "A", 5,000 cubic yards at \$5.90 and class "B", 110,000 cubic yards, at \$2.30; the first amounted to \$29,550 and the second amounted to \$253,000, making a total of \$282,500.

By Mr. Walker:

Q. What were his estimated prices?—A. \$5.90 for rock and \$2.30 for class "B" material.

Mr. WALKER: Five times as much.

Mr. PICKERSGILL: Is that document dated?

Mr. WINCH: May I ask a question on contract No. 1? Did I understand Mr. Kemp to say at that time he was the chief of what?

Mr. KEMP: Quantitative surveying; chief estimator.

Mr. WINCH: Your job was to check all additions and changes?

Mr. KEMP: Yes.

Mr. WINCH: Did you say you had not checked this \$165,000 increase?

Mr. KEMP: Not in that particular case.

Mr. WINCH: Why?

Mr. BOURGET: Were those quantities checked by the chief of the engineering branch?

Mr. HANBIDGE: Why not let Mr. Winch finish?

Mr. WINCH: I wanted to clear up why that was not brought to your attention?

Mr. KEMP: I cannot answer that?

Mr. WINCH: Was it supposed to come to your attention?

Mr. KEMP: They are supposed to come to me.

By Mr. Bourget:

Q. Following up the question of Mr. Winch, were those quantities not checked by the engineering branch?—A. Yes.

Q. That is a fact?—A. Yes.

Q. It was checked by the department; not by the estimates branch, but by the engineering branch. Is that correct?—A. Yes.

Q. Following up the question of Mr. Walker: Mr. Walker mentioned the fact that the cost of the first part of the contract of Mr. Miron was \$55,000 and he said that the estimate of Mr. Cormier was five times the amount of the contract of Mr. Miron—

Mr. WALKER: More than that.

By Mr. Bourget:

Q. Right; more than that. I am asking General Young, in the estimates submitted by Mr. Cormier, was not Mr. Cormier including in that estimate of \$283,000 the whole amount of the excavation and not only to elevation 143 and 146? Is that not right?—A. I do not think so.

Q. You do not have the details?—A. No. The detail says 5,000 cubic yards of class "A" and 110,000 cubic yards of class "B".

Mr. WALKER: That is what was taken out.

Mr. BOURGET: I am not a lawyer—

Mr. WALKER: You are doing very well.

By Mr. Bourget:

Q. Have you tried to ascertain from anyone in the department who would know, or have you tried to ascertain from Mr. Cormier, what the price of \$283,000 could comprise?

The CHAIRMAN: You mean Mr. Cormier's estimate?

By Mr. Bourget:

Q. Yes, his estimate of \$282,500?—A. I have not gone beyond the breakdown. I think this was what was submitted to the department at that time.

Q. Would you not think that the estimates of Mr. Cormier would cover the whole of the excavation so that he could put his piers down to the rock and not only for the first part of the excavation at levels 143 and 146?—A. As far as I can determine, no.

Mr. MORTON: Had they decided to make the extra excavation at this time?

By Mr. Bourget:

Q. No. I will tell you the reason.—A. I think the explanation is this. He estimated \$5.90 for rock and it came out at \$3, and he estimated \$2.30 for the class "B" material and it came out at 50 cents; but the quantities are just about—

Mr. WALKER: Just about the same.

The WITNESS: The 110,000 is fairly consistent.

By Mr. Bourget:

Q. You cannot say at this time that the estimate of \$283,000 was not for the whole excavation?—A. I would say not, Mr. Chairman, because of the quantities. He has only 110,000 cubic yards of soft material.

The CHAIRMAN: That is your opinion. As a matter of fact it could have been.

Mr. BOURGET: You cannot say for sure, General Young?

Mr. WALKER: You have closed a trap on yourself.

Mr. BOURGET: No. General Young was not there and does not know exactly what the estimate was for and we cannot let go the statement that the estimate of Mr. Cormier was five times the price of the contract. That is not true.

Mr. WALKER: Yes.

An hon. MEMBER: Let Jack help you.

The WITNESS: Mr. Cormier estimated 110,000 and then we had 115,000 additional.

Mr. BOURGET: We will ask Mr. Cormier.

The CHAIRMAN: Indeed, Mr. Cormier is the best witness on that.

By Mr. Drysdale:

Q. In respect of these borings, did the Department of Public Works do the initial boring?—A. Yes.

Q. I believe the date was April 30, 1949, for the boring. What did that represent? Is it the date of the preparation of the plans or what?—A. April 30, 1949.

Q. I know, but what did that date represent?—A. It is the date the borings have been completed and the drawings completed.

Q. That was after the tenders were first awarded. Would the borings information be available to the firms who tendered at that time.—A. Yes.

Q. There is some allegation that the borings were not satisfactory, because I believe at a subsequent date other borings were made.—A. Yes.

Q. What was the difficulty with the original borings?—A. It would appear they did not cover sufficient of the area. The borings were taken but there was water seepage in between the borings which were originally taken.

Mr. CHEVRIER: May I now deal with contract No. 2?

By Mr. Crestohl:

Q. Before we leave this, the price paid to Miron Freres was \$3 per cubic yard?—A. Yes; for rock.

Q. And amongst the tenders which you received, I see that you received one from North Shore Construction Company who asked \$8 a yard for the same work which Miron did for \$3 a cubic yard.—A. Yes.

Mr. CHEVRIER: If I may deal with contract No. 2, let me go as quickly as I can over the preliminaries.

Mr. STEWART: Might I ask if there will be an opportunity to go back after Mr. Chevrier is through? We are not shutting it off now?

The CHAIRMAN: There will be an opportunity, I hope. It depends on the members of the committee more than on the chairman.

Mr. PICKERSGILL: I am sure that no member of the committee will be denied the opportunity of asking questions.

The CHAIRMAN: That is right.

By Mr. Chevrier:

Q. On contract No. 2 dated October 10, 1949, and the tenders received on November 9, 1949, there were five tenders?—A. That is correct.

Q. I would like to have the five tenders listed, including the amounts for each, in the record.

Mr. BELL (Carleton): Is it not on page 112?

Mr. CHEVRIER: For my own purposes I would like to have them on the record, I will not read them if I am given the permission of the committee to have them on the record.

The CHAIRMAN: It is in exhibit P-2 on page 112 of the minutes of proceedings and evidence—Appendix B—Issue No. 4.

By Mr. Chevrier:

Q. If the names of the contractors with the amounts opposite are indicated, I am satisfied. It indicates the lowest was that of Concrete Construction Limited at \$154,000 and the highest was that of Key Construction Limited at \$217,340. —A. Yes.

Q. That is a difference of approximately \$63,000?—A. That is right; \$63,340.

Q. What was Mr. Cormier's estimate?—A. \$204,730.

Mr. WALKER: Is that all?

By Mr. Chevrier:

Q. Did these tenders quote unit prices for adjustments?—A. Yes, Mr. Chairman. Concrete Construction had unit prices of \$2, excavation, machine; hand excavation, \$3; solid rock, \$5.50; form work, 38 cents; 2,000 pounds of concrete, \$12.30; and reinforcing steel .08 cents.

Q. Reinforcing steel?—A. Yes.

Q. Was the lowest tender accepted?—A. That tender was accepted.

Q. Were plans and specifications issued for this job?—A. For the call of tender; yes.

Q. Do you have them?—A. We only have the one copy.

Q. These are the plans and specifications?—A. Yes.

The CHAIRMAN: Those plans should be identified if you propose to use them.

The WITNESS: We do not have enough copies to let you have them.

By Mr. Chevrier:

Q. Do they form a part of the file?—A. Yes and they are the only copies we have.

Q. I believe I can give them back right away. Is this a copy of the specifications for contract No. 2?—A. Yes.

The CHAIRMAN: Could you identify it more precisely?

By Mr. Chevrier:

Q. I hold in my hand the specifications for general excavation by Ernest Cormier, the architect covering contract No. 2. I am afraid these are not the specifications for contract No. 2. Would you please look at that document and tell me whether or not these are the specifications for contract No. 2?

Mr. KEMP: Contract No. 2 is for piers, \$154,000.

Mr. CHEVRIER: That is what we are dealing with.

Mr. KEMP: What plans have you there?

Mr. CHEVRIER: These are the plans for contract No. 2, and the specifications, which you have just given me.

Mr. KEMP: That is right.

By Mr. Chevrier:

Q. May I identify this document—and you correct me if I am wrong—as being the specifications of the foundations as prepared by Mr. Cormier the architect?—A. Yes.

Q. I would like to draw attention to the clause in the specifications which indicates that the engineer shall be the only judge of the proper meaning and intent of the specifications and in the case of any misunderstanding or dispute his decision shall be final. That is a term of the specifications?—A. Yes.

Q. And the engineer is also the architect in this case?—A. Mr. Cormier.

Q. I think I can dispose of that now and give you back the file. It is clause 30 in the specifications and is supplemented by clause 38 which gives the definition of the engineer throughout these specifications as being Ernest Cormier, architect, Montreal. What, General Young, is in the record concerning this contract?—A. I am not clear.

Q. Is there a complete record of this contract No. 2 in the files of the department?—A. Yes, there is the usual record.

Q. I do not want to have any misunderstanding about my question so we will not come back to it later. Are you satisfied that covering this contract there is in the files of the department a complete explanation of it?

Mr. BELL (Carleton): Is my friend suggesting that some files have been removed?

By Mr. Chevrier:

Q. No. The General has said, dealing with contract No. 1, that there was no record. I want to make sure that there is a record in this case. I am dealing exclusively with contract No. 2.

My question is this: do the files contain a complete record of contract No. 2, as you looked them over?—A. When I say "no record", in my opinion there is no record giving any reason for the increase.

The CHAIRMAN: In connection with contract No. 1.

The WITNESS: When I referred to a lack of records in connection with contract No. 1 I referred to the lack of reasons for the increase in cost.

Mr. CHEVRIER: I challenged that answer by producing the memorandum to the deputy minister which gave two reasons.

Mr. WALKER: Oh no; there is nothing at all in that.

The CHAIRMAN: It is on the record.

Mr. CHEVRIER: I am being interrupted continuously yet I am going as fast as I can.

Mr. WALKER: You are not talking to the point.

Mr. CHEVRIER: That is a matter not for you to determine, because most of the questions you have been putting are not to the point; they are directed to getting headlines in the press. Let us agree that I be allowed to go on with my examination!

Mr. WALKER: You have reached a pathetic low when you have to talk that way!

The CHAIRMAN: I was given a wooden gavel to bring down to this meeting. I left it in my office. I assumed that I would not need it. I still maintain that hopeful assumption.

Mr. HANBIDGE: You had better get a gun!

By Mr. Chevrier:

Q. May I have an answer to my question?—A. The records we have relate to the submissions to council.

First, there is the one of November 9, a submission to council for the original award.

Q. I will deal with each one of these.—A. Secondly, there is one for the extras.

Q. Are the records complete, or are they not complete?

By Mr. Winch:

Q. You say this to the best of your knowledge, Mr. Young?—A. To the best of my knowledge, they are complete so far as the financial expenditures are concerned.

By Mr. Chevrier:

Q. Thank you. Now, the contract price in this case was \$154,000?—A. That is correct.

Q. And the final payment was \$241,989?—A. That is correct.

Q. Which means extras or additions of \$87,989?—A. That is correct.

Mr. WALKER: 58 per cent more!

By Mr. Chevrier:

Q. The amount of \$87,989 is made up as follows:

(a) \$4,650 for cleaning the loose earth under the rock surface.

(b) \$23,092 for raising the level of the future basement floor.—A. Yes.

Q. (c) \$60,247 for additional concrete work, excavation work, steel, and so on. Are those the three items you have?—A. The \$60,247 item was for what?

Q. The last one was \$60,247 and it was for additional concrete work, excavation, steel and the like.—A. That the other one was for \$4,650?

Q. They were \$4,650 and \$23,092.—A. Yes, that is correct.

Q. Dealing with the first one, \$4,650, for cleaning of loose earth under the rock surface, will you please explain what that operation consists of?—A. I am afraid I do not know, other than what is written there.

Q. Do you mean that as an engineer you do not know?—A. It could be at various places.

Q. Is this not a cleaning up operation?—A. Presumably it is, but I could not say.

Q. In the earlier evidence it was said that this should have been included in contract No. 1. May I not put it to you that contract No. 1 was performed by means of a power shovel?—A. When a tender is called for an excavation, ordinarily it includes the clean up.

Q. In the cleaning up process the loose stone could not be removed by means of a power shovel if the surface was irregular, could it?—A. It would be the responsibility of the contractor to use whatever means he should, to clean it out.

Q. Would it not have to be removed by hand in different parts?—A. Possibly it might; but it is still the responsibility of the contractor for the excavation.

Mr. CRESTOHL: Mr. Chairman, will you please ask the witness to speak louder? I do not know why his voice has suddenly become so weak.

The CHAIRMAN: That observation is not necessary, Mr. Crestohl.

Mr. CRESTOHL: It is a weaker voice now.

The CHAIRMAN: The witness has been on the stand for several days.

By Mr. Chevrier:

Q. Is it not impossible—and if it is, please tell me—for a power shovel to reach loose earth in the area of bed rock?—A. Frequently it has to be cleaned up by hand. But it would depend on the rock.

Q. You say it would depend on the rock. Wasn't that the case here?—A. I do not know.

Q. Don't the files indicate that it was?—A. No, I do not think the files indicate that it was.

Mr. KEAYS: May I ask a question, Mr. Chairman.

The CHAIRMAN: Is it absolutely pertinent, Mr. Keays?

Mr. KEAYS: I think it is. That is why I want to ask it.

The CHAIRMAN: Very well.

Mr. Keays:

Q. In excavating, doesn't one have to clean it up?—A. That is ordinarily a condition of tender called.

By Mr. Pickersgill:

Q. Was that included in the Miron contract?—A. I think it is just a specific excavation which should have been cleaned up. You come to basic difficulties of having a separate excavation contract apart from the main tender contract.

The practice of the department is now to include the excavation with the general contract, and all these difficulties are avoided.

Mr. WALKER: This hopeless mess could not happen now, could it?

Mr. CHEVRIER: That is not prejudging it in general, is it?

Mr. WALKER: You have, and you made it so obvious.

Mr. CHEVRIER: You have been prejudging in this committee all the way through. My questions are entirely pertinent.

Mr. WALKER: They are irrelevant.

Mr. CHEVRIER: You proceeded to make statements in order to influence the opinion of the committee. If you want to do that sort of thing, go right ahead. But you cannot object to my making similar statements.

By Mr. Chevrier:

Q. I would like to deal a little more fully with this contract. Contract No. 1 brought the excavation down to rock with the extras and contractor No. 2 comes in after he has obtained his contract.

Is it not a fact, in your experience as an engineer, that there are cracks and pockets in the rock which are required to be cleaned up if there is earth in them?—A. Yes. If it was not done by the original contractor, it has to be done by the second one.

Q. Is this amount of \$4,650, having regard to the amount of the surface excavation, out of the way for that?—A. I would not say.

Q. Now I would like at this point to put on the record a letter which I had asked you to produce. It is dated, Montreal, July 15, 1950.

The CHAIRMAN: Are you asking for production, or are you making a reference to something?

By Mr. Chevrier:

Q. I hold in my hand a letter from the architect, Ernest Cormier, addressed to the chief architect, Department of Public Works. The letter reads as follows:

Dear Mr. Brault,

re national printing bureau,
foundation contract, removal
of earth.

The removal of loose earth on various places on the rock surface in the area inside the walls should be done before the contract for the superstructure is started. This operation would be costly later on, when the basement slab is poured.

The approximate quantity involved, being 1550 cubic yards, at the unit price of the contract of \$3 for hand excavation would involve an amount in the vicinity of \$4,600. A letter from Concrete Construction Company is included herewith for your approval.

Yours faithfully,

(signed) Ernest Cormier

That is a letter which you have?—A. It is not on record.

Q. Then I would like to put it on the record.

Mr. McGREGOR: Is it not a fact that this amount should have been included in the original excavation contract?

Mr. CHEVRIER: That has come out about five times.

The CHAIRMAN: I do not think the witness can answer that.

The WITNESS: I do not know. There should not have been extras after the excavation was completed.

The CHAIRMAN: That is your opinion?

The WITNESS: That is my opinion.

By Mr. Bourget:

Q. You have not seen the foundations?—A. I have not seen the foundations at all.

Q. Do you not think that in digging down an excavation to rock—you would agree that it is not level like a billiard table, and that there might be some cracks where you could not go with a shovel, and where you would have to take it out by hand?

Mr. WALKER: 1500 cubic yards!

Mr. BOURGET: This is quite an area. You have seen the building. I think it covers \$4,650; and if you divide that by the extra area, it does not amount to too much.

Mr. McGREGOR: Those of us who went to view the foundation the other day could see that the rock was practically level. And when you talk about cleaning this up with a shovel, there was no need to clean it up with a shovel. If you wanted to use any equipment you might use a power loader or something like that.

There is no reason, that we can see, why the excavation should not have been all done in the first contract yet it was turned over to a second one.

Mr. CHEVRIER: How can you say that the excavation was level, when you did not see it?

Mr. McGREGOR: Because we saw the level of the rock over there in the cellar.

Mr. CHEVRIER: The indications in the plan show that it was not level.

Mr. McGREGOR: I doubt that very much. Suppose you go over and take a look at it!

Mr. CHEVRIER: You should look at the plans. They show it to be irregular.

Mr. McGREGOR: You go over and look at it yourself.

Mr. BOURGET: It is finished now. That may be another reason for the extras, because you have only seen the completed foundation.

Mr. McGREGOR: We know the reason for the extras. There is no doubt about that.

The CHAIRMAN: Order, order.

Mr. CHEVRIER: Suppose you show us what they were if you know the reason!

Mr. McGREGOR: You will find it out before you are through!

Mr. CHEVRIER: I will not find it out from you!

Mr. McGREGOR: I know you won't!

The CHAIRMAN: Order, order please. I think we should have a quiet time for 35 seconds!

By Mr. Chevrier:

Q. May I continue and ask this question: were the plans and specifications which were produced covering contract No. 2 complete for foundation surfaces?—A. I can only assume that they were considered complete by the architect.

Q. Let me draw upon your knowledge as an engineer. What are the necessary data to enable an engineer to make plans and specifications for piers and footings?—A. Boring costs are most essential.

Q. And the bearing capacity of the soil?—A. Yes, and the condition of the soil.

Q. And the location of exterior walls?—A. That is right.

Q. And the location of columns with their loads?—A. That would be another.

Q. Both live load and dead load?—A. Yes.

Q. Will you please explain to the committee what a live load is and what a dead load is?—A. Perhaps I should call on Mr. Freeze, he might be able to do it better.

Q. Might a live load be defined as a moveable load, that which concerns machinery, the equipment, and the traffic which uses the building? Would that be fair?

Mr. D. A. FREEZE (*Director of property and building management, Department of Public Works*):

That is essentially correct.

By Mr. Chevrier:

Q. And the dead load would be the rest of the building?—A. That is correct.

Q. From the information you have from your experience as an engineer, were all these data included in the plans and specifications which we have before us?—A. I do not think they were.

Q. Will you please look at them. You produced them a moment ago; you produced the plans and specifications. Let us not get confused.

Mr. WINCH: I think you are getting into deep water unless you are very careful, Mr. Chevrier.

Mr. CHEVRIER: You can take over afterwards.

Mr. WINCH: You are leading yourself into a very neat construction trap.

Mr. CHEVRIER: I shall take that responsibility.

Mr. PICKERSGILL: We are always looking for the truth.

Mr. McGREGOR: That is a good story!

Mr. WALKER: You are always good for a joke, Mr. Pickersgill.

Mr. PICKERSGILL: This is not a subject to joke about.

Mr. WINCH: I only meant to be helpful to you, Mr. Chevrier.

Mr. CHEVRIER: I am sure you did, and I take it as such.

Mr. BOURGET: Is it not a good question to ask?

Mr. WINCH: If he has to go up two or three steps to get what he wants, he is going to find himself in trouble.

The WITNESS: I would say that the plans and specifications were not as complete as they should have been.

By Mr. Chevrier:

Q. Looking at the drawings, you would say that the plans and specifications were not as complete as they should have been?—A. Yes.

Q. In what particular were they lacking?—A. They only referred to—

Mr. McGEE: Speak a little louder, please.

The WITNESS: They referred to the footings and to the outside walls.

By Mr. Chevrier:

Q. Would you give me that again?—A. I say they refer to the footings and to the outside walls, and that is about all.

Q. The question was, in what particular were they lacking, and your reply was that they referred to the footings and the outside walls?

Mr. SPENCER: And that is all.

By Mr. Chevrier:

Q. In what particular were they lacking?—A. I think mostly in respect to dimensions of footings and dimensions throughout.

Mr. BOURGET: Are the dimensions of the footings in the plans, Mr. Young, or in the specifications?

Mr. WINCH: They must be on the plans.

The CHAIRMAN: Just take your time, General Young.

Mr. WINCH: You never construct footings from specifications. You construct them to the plans according to specifications.

The WITNESS: Could you ask Mr. Freeze to answer that question?

The CHAIRMAN: Gentlemen, Mr. Freeze is perhaps the best witness in this regard today.

Mr. CHEVRIER: You stated they were lacking in respect of dimensions?

Mr. FREEZE: That is right, Mr. Chairman. Certain of the drawings here are not dimensional. It may be quite true that they are to scale, but normally you would expect a drawing of this kind to have dimensions, or more dimensions than are here now, particularly as to the depth and thickness which seems to be left pretty indeterminate in the cross section.

Mr. BOURGET: On that point, Mr. Chairman, of course the architect did not know at the time the exact depth of the piers because he did not know exactly the nature of the rock or where the solid rock was.

The CHAIRMAN: Mr. Chevrier, go ahead.

Mr. MORTON: Could we establish the date of the specifications at this time?

Mr. CHEVRIER: I did put that on the record. That was the first thing I did when dealing with contract No. 2. I had the plans and specifications but I gave them back to General Young because that was the only copy he had.

Mr. WALKER: You are doing all right.

Mr. PICKERSGILL: I wonder if, for the benefit of some of the members of the committee, we could have that date again? It is true that Mr. Chevrier brought it out in the first place.

By Mr. Chevrier:

Q. Would you give the date of those plans and specifications, General Young?—A. October 17, 1949, for foundations contract.

The CHAIRMAN: That is the date appearing on what?

By Mr. Chevrier:

Q. What is that date again?—A. October 17, 1949.

Q. That is the date of the plan?

Mr. WINCH: Mr. Chevrier, would you ask, in answer to Mr. Bourget's question, whether at that time the architect knew the depth of the footings?

By Mr. Chevrier:

Q. Would you answer that, General Young? Can you answer it?—A. The contract No. 1 had been completed.

Mr. WINCH: It had been completed. You see, Mr. Bourget.

Mr. BOURGET: Mr. Chairman, I cannot let this go.

Mr. CHEVRIER: Wait a moment, General Young wants to amend his answer.

Mr. FREEZE: I do not think that in October 1949, the excavation had been completed.

Mr. BELL (Carleton): Mr. Chairman, I wonder if we might put on the record Mr. Freeze's initials and his position?

By Mr. Chevrier:

Q. Mr. Freeze has stated that he did not think that the excavation had been completed to rock in October 1949.—A. I made an error. The excavation was not completed until March, 1950. October 17, 1949, is the date of the plan.

By Mr. Winch:

Q. That was the plan on which the tenders were called?—A. Yes.

Q. Thank you. That was the plan on which the contract was let?—A. Tenders were called on October 20, 1949 and tenders were received on November 9, 1949.

By Mr. Murphy:

Q. On that plan?—A. On this plan.

By Mr. Drysdale:

Q. Is the specifications date the same as the date of the plan?—A. Yes.

By Mr. Chevrier:

Q. May I come back to my question which I think is pertinent? In what particular was this plan lacking?—A. It would seem to me that certain dimensions are lacking.

Q. What dimensions?—A. Depth.

Q. Who is going to answer the question?—A. Mr. Freeze will answer it.

The CHAIRMAN: Mr. Freeze, before you answer, will you give us your full name?

Mr. FREEZE: Yes. My name is D. A. Freeze.

The CHAIRMAN: What is your position?

Mr. FREEZE: At the present time I am director of property and building management for the department.

The CHAIRMAN: What was your position at the time?

Mr. FREEZE: At this time I was district architect in Calgary, Alberta. It was just about that time that I went to Toronto, and I am not too sure now. On October 17, 1949, I was district architect in Calgary, Alberta, for the Alberta district.

Mr. CHEVRIER: What are the particulars in which this plan was lacking? We have been told that some of the dimensions were missing in respect of depth.

Mr. BOURGET: In regard to the question of depth, Mr. Chairman, what was missing? Depth has been mentioned. In what instances were they not correct, or were they missing?

Mr. CHEVRIER: What was the matter with the depth?

By Mr. Bourget:

Q. Yes, what was the matter with the depth. What was wrong?—A. I cannot find on this plan an indication of the exact depth to which the foundations were to go.

Q. Is it not normal, General Young, in regard to a contract such as this, when the engineer does not know exactly at what elevation solid rock would be reached, that this is left, and a note is put on saying that the contractor ought to go to solid rock, because the borings did not show where the solid rock was?—A. That is correct, but I do not see that note on these plans.

Q. Do the other engineers here agree with me on that point?

Mr. CHEVRIER: You will not find much agreement around here.

The CHAIRMAN: Order, please, gentlemen.

Did you answer that, General Young?

The WITNESS: Down to solid rock.

Mr. BOURGET: That is the reason why the exact elevation of the solid rock is not given, because the borings have not shown that.

Mr. McGREGOR: Why? They had two sets of borings. Why did they not show it?

The WITNESS: I do not know the answer to that.

Mr. BOURGET: General Young, in regard to the general practice in making a plan such as that for a foundation, it is not the custom that the engineer or the architect leaves it that way and does not give the exact location of the rock because even if you see the surface of the rock, in general practice, the architect or the engineer will ask the contractor to make some borings there so as to be sure that it is solid rock and that there is no fissure underneath, and that it is not just a large boulder? That is the general practice.

Mr. McGREGOR: It is not the general practice.

Mr. BOURGET: It is.

Mr. McGREGOR: I say that it is not the general practice. The general practice is that the contractor takes it upon himself when he takes a job and he does not depend on the engineers' borings. He is responsible for his own borings.

The WITNESS: That is the policy now; I do not know what it was at this time. We take certain borings which are given out; but beyond that the contractor must take his own responsibility. If he considers extra borings necessary, he must do so.

By Mr. Bourget:

Q. General Young, was it not for that reason that there was friction with the construction association?—A. Yes, contractors generally wanted it changed. The policy of the department is that the contractor must assume responsibility for making any necessary borings he feels are required before he submits his tender.

By Mr. Crestohl:

Q. Borings were made by the department engineers, is that correct?—A. Some of them.

Mr. BOURGET: In general practice, General Young, is it not a fact that the contractor will rely on the borings that are made by the department?

Mr. McGREGOR: No, it is not.

Mr. BOURGET: Let him answer.

The WITNESS: Some do and some do not. I think in the majority of cases they depend on the department's engineers, hoping that those borings are sufficient.

By Mr. Bourget:

Q. You say in the majority of cases?—A. I have had occasions where the contractor did come in and do his own borings.

Q. Thank you.

The CHAIRMAN: Mr. Chevrier, will you please continue.

Mr. CHEVRIER: May I just leave that item on which we spent more time than I had expected and go to the \$23,092 item for elevation of walls and piers. Would you describe this work to the committee, General Young, please?

The CHAIRMAN: Take your time, General Young.

The WITNESS: You are speaking of the item in the amount of \$23,092?

By Mr. Chevrier:

Q. Yes. I asked you if you would be good enough to describe this work to the committee.—A. Mr. Cormier recommended increasing the elevation to which the foundations are to be taken by one foot six inches. This is in order that the basement floor will be above the recorded high water level of May, 1928. This elevation will ensure against future damage to the contents of the building should the waterproofing membrane fail. The amount of the extra to the contract involved in the change is detailed as follows: 1240 cubic yards of concrete at \$12.30 making a total of \$15,252.

Q. No, General Young. Would you mind stopping there? I am going to give you an opportunity in that regard, but I would like you to tell the committee what this means, and what the nature of the work is that is required in this extra.—A. It is the increasing in the height of the building by one foot six inches, I gather.

Q. Yes. What was that for?—A. To raise it above the water level.

Q. Would you let me see the plan to contract No. 1?

Mr. WINCH: Mr. Chevrier, at the same time would you ask him how come the architect did not know the water level before he drew the first plan?

Mr. CHEVRIER: You can ask him.

Mr. WINCH: I did not want to wait until then. I thought you might ask him now.

Mr. CHEVRIER: I will ask that but I should like to continue with the plan and show why this work was necessary.

Mr. WINCH: I thought you were discussing the water level in regard to why the piers had to be raised one foot six inches.

Mr. CHEVRIER: That is what I am doing.

Mr. WINCH: That is why I thought you could ask that question now.

Mr. CHEVRIER: Let me do this and then I will come back to your question.

By Mr. Chevrier:

Q. On the plan for contract No. 1 appears the location of Brewery creek, right?—A. Yes.

Q. And flowing from Brewery creek there are indications of water, high water and low water, and there is an indication on this plan which reads:

Record high water level 148.6.

An hon. MEMBER: That is the high water level?

Mr. CHEVRIER: Yes. "Record high water level 148.6 as of May, 1928." I take it that that was the record?

The CHAIRMAN: 1928 or 1948?

Mr. CHEVRIER: 1928. That was taken over the years up to that time and it would indicate that that was the high water level.

By Mr. Chevrier:

Q. Was it the purpose of this second measure to make sure that the basement was above that high water level?—A. I would presume that was so.

Mr. WINCH: Would you ask that question now?

By Mr. Winch:

Q. Why was that knowledge as to the high water level not on the original contract?—A. I do not know, Mr. Winch.

Q. Would you have expected to find it on the original plan?—A. I would have expected to have found it on the original plan.

By Mr. Chevrier:

Q. The basement floor was raised 1.6 feet you have said, is that correct?—A. That is the basis of what is in this record.

Q. Yes. Are conditions such as were found here sometimes encountered elsewhere by the Department of Public Works?—A. I know of no similar instance since I have come to the department where we have had to raise the basement floor.

Q. Is it not a fact that there are in the area of Ottawa and Hull streams or brooks that flow at some depth underneath the surface?—A. I do not know whether they could be actually attributed to running streams, but certainly water has been encountered.

Q. Would it not be an added protection for the contractor to raise the basement so as to prevent flood, if there was a record flood and this indicated that there had been floods?—A. I think it would be very desirable to correct an original error, or an omission.

Q. Would you not say that this was a precautionary thing to do?—A. When it had not been done before, certainly it must be done now.

Q. That would be a precautionary measure having regard to the large amounts of vapour that would be on the basement floor of the printing bureau?—A. Yes.

Q. I would like to put on the record—

The CHAIRMAN: It is one minute to eleven, Mr. Chevrier.

Mr. BELL (Carleton): Before we rise, Mr. Chairman, I wonder whether it is possible, for the guidance of the steering committee, if Mr. Chevrier could indicate how much longer he is likely to be with General Young? There are three hours left for committee sittings this week. I think we should be planning our work for the early part of next week.

Mr. CHEVRIER: I am almost finished in regard to contract No. 2. Just a minute, let me answer that question. I do not think there is anything contentious about contract No. 3, is there?

Mr. BELL (Carleton): I do not want to appear to be hurrying my learned friend, but I think we should have, for the guidance of the steering committee, some indication of how long he is going to be because other members of the committee want to ask questions. Some of us have been containing ourselves reasonably well but with very great difficulty.

Mr. CHEVRIER: You must keep in mind that these documents came into my possession only within the last two or three days.

Mr. BELL (Carleton): I am not complaining.

Mr. CHEVRIER: I have had to do a lot of homework and a lot of reading at night in order to find out what is in them. I will be as brief as I can with the witnesses. However, I cannot give any indication as to how long it will take. I hope it will not take too long.

Mr. WINCH: Would you not suggest, therefore, that we have more meetings this week?

Mr. WALKER: Could we sit all day and try to finish this up this week?

Mr. PICKERSGILL: As a matter of fact, the nature of the business which has to be called and which was given to us by the leader of the House of

Commons last night, would make it quite impossible for the opposition to do its duty if this committee were to meet while the House of Commons was sitting.

Mr. BELL (*Carleton*): That might not be true of Thursday.

Mr. PICKERSGILL: It is very emphatically true of Thursday.

The CHAIRMAN: Let us play it by ear then.

Mr. WALKER: Mr. Chairman, my friend has been three days now dealing with two contracts. There are four more. It would appear then that he has decided to devote the rest of our sittings to General Young, which will prevent us from bringing out the facts and from examining Cormier, Cloutier and Murphy.

Mr. CHEVRIER: I for one want to examine Mr. Cormier as quickly as we can because I think he is a material witness.

Mr. McGEE: Mr. Chairman, is a motion in order to sit all day Thursday?

Mr. PICKERSGILL: It is past eleven o'clock.

The CHAIRMAN: Yes, the motion is in order; but might I suggest the difficulty of the opposition due to their numbers. We have a duty in the House of Commons. So far the majority of the members of this committee have been very considerate. As I said at the beginning we can only play it by ear. If the business of the House of Commons is not too important perhaps we can hold an extra meeting. Let us proceed in this manner and avoid sitting while the House of Commons is sitting if we possibly can.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament
1958

Government
Publications

STANDING COMMITTEE
ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

THURSDAY, AUGUST 21, 1958

WITNESSES:

Major General H. A. Young, Deputy Minister, Mr. D. A. Freeze, Director,
Property and Building Management Branch and J. O. Kemp,
Contracts Division, Department of Public Works.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)

and Messrs.

Badanai	Fraser	Morton
Benidickson	Granger (2)	Murphy
Bissonnette	Grenier	Nasserden
Bourget	Hales	Nugent
Broome (1)	Hanbidge	Pickersgill
Campbell (<i>Stormont</i>)	Hardie	Regier
Campeau	Keays	Smith (<i>Simcoe North</i>)
Carter	Lahaye	Smith (<i>Winnipeg North</i>)
Cathers	Macdonald (<i>Kings</i>)	Spencer
Chevrier	MacRae	Stewart
Coates	Martel	Valade
Crestohl	McGee	Villeneuve
Dorion	McGregor	Walker
Drouin	McMillan	Winch
Doucett	Morrisette	Wratten
Drysdale	Morris	Yacula

Antonio Plouffe,
Assistance Chief Clerk of Committees.

(1) Replaced by Mr. Pratt on August 20.

(2) Replaced by Mr. Bourque on August 21.

ORDERS OF REFERENCE

WEDNESDAY, August 20, 1958.

Ordered,—That the name of Mr. Pratt be substituted for that of Mr. Broome on the Standing Committee on Public Accounts.

THURSDAY, August 21, 1958.

Ordered,—That the name of Mr. Bourque be substituted for that of Mr. Granger on the Standing Committee on Public Accounts.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

THURSDAY, August 21, 1958.
(11)

The Standing Committee on Public Accounts met this day at 9:30 o'clock. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Benidickson, Bissonnette, Bourget, Campbell (*Stormont*), Campeau, Carter, Cathers, Chevrier, Coates, Crestohl, Doucett, Drysdale, Hales, Hanbidge, Keays, Lahaye, Macdonald (*Kings*), Macnaughton, MacRea, Martel, McGee, McGregor, Morissette, Morton, Murphy, Nugent, Pickersgill, Smith (*Winnipeg North*), Spencer, Stewart, Villeneuve, Walker, Winch and Wratten—(36).

In attendance: Major General H. A. Young, Deputy Minister; Mr. D. A. Freeze, Director, Property and Building Management; and Mr. J. O. Kemp, Contracts Division, Building Construction Branch; all of the Department of Public Works.

The Chairman read a telegram addressed to him dated August 20, 1958, from Mr. E. Roberts, President, and Mr. Michel Chevalier, General Manager, of Canadian Graphic Arts Association, International Federation of Local Employing Printing Organization.

The Chairman tabled a document which had been ordered produced, and which relates to properties acquired in the City of Hull for the Printing Bureau and the Federal District Commission. This document was marked Exhibit P-5. He also tabled two sets of additional information with respect to real estate, and the site of the Printing Bureau. These sets were marked Exhibit P-6.

Messrs. Murphy and McGregor asked for additional information.

A discussion ensued on procedure and on witnesses to be called following General Young.

As agreed, Mr. Chevrier continued his questioning of the witness on Contracts Nos. 2, 3, 4, 5 and 6. He also questioned General Young on the Estimates and Supplementary Estimates for the years 1954-55-56-57 and 58.

In connection with Contract No. 6, he asked that plans and specifications relating thereto, be produced when Mr. Cormier, the consultant architect, is before the Committee.

Mr. Drysdale obtained information in relation to an accident which occurred in March of 1952, during construction of the Printing Bureau to the effect that an investigation established that the contractor was not to blame.

It was decided to examine Mr. Edmond Cloutier, the Queen's Printer, on Friday, August 22nd.

At 11:00 o'clock the Committee adjourned until Friday at 9:30 o'clock.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

THURSDAY, August 21, 1958.

9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. I would like to table a telegram received from Ed Roberts, president, and Michel Chevalier, general manager, Canadian Graphic Arts Association, National Federation of Local Employing Printers Organization addressed to your chairman making certain remarks in regard to the size of the building under discussion. I do not know whether you want me to read it at this time or just file it as part of the record.

Mr. WALKER: Better read it.

The CHAIRMAN:

Alan Macnaughton Q.C., M.P. Chairman Commons Public Accounts Committee Parliament Hill Ottawa Ontario.

This public statement is respectfully submitted for your consideration stop In relation to value of printing manufactured by Queen's printer last year value of Hull building should be a maximum of five million dollars after making allowances to more than double the value for aesthetic reasons of the national capital plan when compared to operations of seven hundred seventy two average commercial plants in Canada and U.S.A. as reported in 1957 to 58 printing industry of America ratio study in which Canadian Graphic Arts Association is a participating member stop In making this comparison we take generously into account any space overhead factor to the Queen's printer occasioned by large purchases by him from commercial sources stop We respectfully suggest that consideration of this and other comparative data of our industry available through us are vitally relevant to present inquiry by public accounts committee on costs of Queen's printers Hull building stop Copy of this message sent to Richard A Bell M.P.

Ed Roberts President Michel Chevalier general manager Canadian Graphic Arts Association National Federation of Local Employing Printers Organization

And it is dated August 20, 2.50 p.m., 1958.

Mr. PICKERSGILL: Mr. Chairman, is it being admitted as evidence?

The CHAIRMAN: I would say no, it is just being filed as a source of information. It is certainly not the best evidence.

Mr. PICKERSGILL: I assume if any member of the committee wishes to call these gentlemen to examine them on these statements, that would be within the power of the committee.

The CHAIRMAN: Well, I am in the hands of the committee and the steering committee with regard to that.

Mr. WALKER: You would not want to call them, Mr. Pickersgill.

Mr. MURPHY: Before you proceed, might I interrupt for a moment?

The CHAIRMAN: May I finish producing two more documents?

This is routine business, gentlemen. A few days ago copies of a list of the properties acquired in Hull for the printing bureau and the federal district commission were asked for and I would like to produce them as *Exhibit P-5*. Copies have been sent to members of the steering committee as of the present.

Exhibit P-6 relates to additional information with regard to real estate and copies of this have also been distributed to the three interested parties.

Mr. CHEVRIER: Mr. Chairman, may I say I would appreciate it if I could get a clear copy of this. I have received a copy but it must be the tenth or twelfth copy and it is not readable. I would like very much if I could get a clear copy.

The CHAIRMAN: It will be done today, Mr. Chevrier.

Mr. McGREGOR: I would like to ask for a copy of the unit prices on all these extras on page four of this report.

Mr. MURPHY: Mr. Chairman, before we proceed—

The CHAIRMAN: Which report are you talking about, Mr. McGregor?

Mr. WALKER: Appendix B, I think it is.

The CHAIRMAN: Mr. McGregor is referring to *Exhibit P-2*, I think. It deals with contract No. 6 in any event.

Mr. McGREGOR: It is all those extras.

Major General Hugh A. Young, C.B., C.B.E., D.S.O. (Deputy Minister of the Department of Public Works), called:

The WITNESS: There were no extras indicated, Mr. McGregor, in the original contract.

By Mr. McGregor:

Q. I do not know what you call them.—A. There was no unit price in the original. These were established, as these extras came into effect. At that time the unit rates were negotiated. In the original there were none as far as I can see.

Q. As I understand it there were no unit prices for that list of extras that were there?—A. In the original contract.

Q. They were negotiated prices.—A. That is correct.

Mr. McGREGOR: That is what I want.

Mr. MURPHY: Mr. Chairman, I wonder if you can tell us when we might expect a response from the Auditor General to the questions which I asked some meetings ago and you were going to get the information.

The CHAIRMAN: I am sorry, Mr. Murphy; I think we have the information and there just has not been time to produce it yet, but I will recheck that again today.

Mr. MURPHY: Will you give Mr. Sellar a call?

The CHAIRMAN: Yes.

Mr. MURPHY: And would you also ask him at the same time to give us a reply to the question of the loss of some \$30,000 to \$31,000 in Canadian money when they made the exchange from Canadian funds to Brazilian funds when they spent some \$300,000 and who got the money.

The CHAIRMAN: That was in connection with what?

Mr. MURPHY: The Brazilian embassy in Rio de Janeiro.

The CHAIRMAN: Yes, certainly. Mr. Chevrier?

Mr. CHEVRIER: Mr. Chairman, when we adjourned the other day Mr. Bell asked me how long I was going to take and what length of time I would be expected to take up in the examination of the present witness. I want to deal with that for two seconds, if I may, before proceeding with the examination.

I would like to say that if I were not interrupted today I might be able to complete the examination of the witness or in any event if I did not there would be very little left on Friday. This, of course, would be subject to recalling the witness if he was required at a later date.

I take it—I am assuming in making that statement there is nothing contentious in contract No. 3 which is for the supply only of diesel generators; it is for the purchases of equipment and there is a small addition of \$1,450 in connection with it.

I am also assuming that contract No. 5 which is for the concrete frame of the power house and garage structure is also perhaps much in the same position, this being an out-building and the extras small. If I am correct—

Mr. WALKER: So far as I am concerned, Mr. Chairman, Mr. Chevrier cannot assume anything. You go ahead with your cross-examination and the committee will do the assuming when it is all over.

Mr. CHEVRIER: Then in that case I may have to take longer.

Mr. WALKER: Well, my suggestion, Mr. Chairman, in view of the tremendous length of time taken by Mr. Chevrier on these two contracts, is that we should keep this committee in session today until he has completed his examination of General Young. Otherwise, we are not going to complete the work of this committee.

Mr. CHEVRIER: Well, I want to cooperate to the fullest extent with the committee but, on the other hand, if they are questions which I feel should be asked then I must take the time to do it.

Mr. WALKER: So far, the more questions you have asked the more it has exposed this situation in full.

Mr. CARTER: Who is giving an opinion now?

Mr. WALKER: Well, you are not.

Mr. CARTER: I have too much sense.

Mr. CRESTOHL: You are making them for everybody else.

Mr. WALKER: Mr. Crestohl, your contribution has not been too brilliant.

Mr. CHEVRIER: Neither has yours.

The CHAIRMAN: I am not interested in the personal opinions of members of this committee. We want facts. Let us get back on the rails.

Mr. SPENCER: May I make an appeal to Mr. Chevrier? I am quite sure we will not interrupt—I know I will not personally—his questioning, provided his questioning is not strictly a repetition of what is already in evidence. I think the function of Mr. Chevrier is not that of a cross-examiner, but rather to bring out any new evidence from the witness and not repeat a clarification of any evidence already out. I think as long as we confine ourselves to that, as far as I am concerned, there will not be any interrupting.

Mr. CHEVRIER: I thank you for that intervention because it will be helpful if I know that in the course of this examination I am not going to be interrupted. I think I can get along a good deal faster. The function of the questions, I am afraid I will have to determine whether or not the questions are good questions. Now, if I may proceed—

Mr. BELL (Carleton): Let us get ahead.

Mr. McGEE: On a point of order, have we not a motion by Mr. Walker to keep this committee in session until Mr. Chevrier has finished?

The CHAIRMAN: No, there was no motion; it is a suggestion. We have already discussed this once or twice. Unfortunately, in fairness to Mr. Chevrier, he is house leader in the House of Commons and it is literally impossible for him to be here in the afternoons. So all we can do is to appeal to the sense of fair play of the majority of the members of this committee not to force us into that position.

Mr. CATHERS: Mr. Chairman, in the early stages of this committee, Mr. Walker was given by the steering committee the privilege of doing the questioning, but at the end of each session, the last fifteen minutes or so was given to open. Mr. Chevrier, since he came in on this time-consuming business, has gone right through to eleven o'clock, and I do not think that is fair to the rest of the members. I think that we should have at least fifteen minutes at the end to bring up any relevant questions that have come up during his questioning.

Mr. PICKERSGILL: If you and he got together maybe we could arrange to let you have fifteen minutes.

Mr. CHEVRIER: If you wish to have it, perhaps I can arrange to let you have fifteen minutes.

Mr. CATHERS: You are not arranging this.

Mr. CHEVRIER: I am not arranging this; I am in the hands of the committee, the same way as you are.

Mr. CATHERS: I am appealing to the chairman for a ruling in relation to making an arrangement.

Mr. PICKERSGILL: Before the chairman gives a ruling—

Mr. SPENCER: Sounds quite reasonable.

Mr. PICKERSGILL: Before the chairman gives a ruling in that regard I would like to make a statement. My recollection is that when Mr. Walker was questioning he finished less than five minutes before the hour of adjournment, and with that correction I would agree with what has been said.

Mr. CATHERS: Mr. Chairman, the last speaker, I believe, has had a great opportunity to ask questions.

The CHAIRMAN: It is obvious if this was a court we could speed things up, and direct it a little more closely, but being a committee we have to give and take.

Now, fifteen minutes have already gone by which we could have used without giving time and attention to what has been said this morning.

Mr. WALKER: I reserve the right to move at five to eleven that this committee should continue until Mr. Chevrier, the former cabinet minister, has completed his examination of General Young.

The CHAIRMAN: I have a suggestion to submit to the members which I hope they will take. I realize the time limit we are working against, and I realize the desire of the majority of the members on this committee to get through the evidence as quickly as possible. On the other hand, the practical difficulty of the opposition is quite apparent. Therefore, I would like to suggest, for your consideration that, if we are obliged to hold afternoon meetings, at those sessions we consider the other matters which our steering committee originally submitted—that is to say, examination of the post office in relation to the \$18 million deficit in 1957 and the reasons therefor which should be more or less non-contentious and which should be looked into at some time.

The next point would be to see whether or not the size of the public accounts book could be reduced. We could call one or two witnesses on that. That is in the general interest of all of us. The third point was something in which Mr. Winch and Mr. Pickersgill were interested. I am not quite sure how to phrase it. I believe it had to do with the revenues and disbursements which, again, is not necessarily contentious.

If we were to take up those matters we would satisfy your desire to sit, and at the same time we would obtain a lot of information and also at the same time if we confined ourselves at the morning sessions to the printing bureau, I think that the opposition would be satisfied.

Mr. McGEE: This is based on the old indispensable theory which I thought went out of power on June 10. There are certainly other members of the Liberal party who could carry on the questioning.

Mr. PICKERSGILL: What has been the question, if you would like to put it that way, is the conduct of the administration when Mr. Chevrier and I were ministers; and if this committee wants to use its majority to prevent us being present at these meetings when you are considering these contracts then there is nothing we can do.

Mr. WALKER: You were not in the house half of yesterday, neither one of you.

Mr. PICKERSGILL: I think I should be allowed to continue. My observation is that Mr. Chevrier and I feel we have a duty to our constituents and to our party in the House of Commons and it is hard to escape the feeling that this latest device is to keep us out of the House of Commons or out of this committee where important business is being done. If that is a new form of closure then I suppose we have to submit to it.

Mr. McGEE: "Mr. Indispensable."

Mr. BELL (Carleton): I suggest we get ahead and let Mr. Chevrier see what he can do.

The CHAIRMAN: In the meantime I will submit my suggestion to the steering committee.

Mr. CHEVRIER: I would like to continue and say what I was going to say. If I am successful in getting through with the witness then I would hope some time on Friday it would be possible to call Mr. Cloutier whom the committee has been anxious to call, and perhaps call Mr. Cormier on Monday, and we could make some progress from there. I would also like to see called the hon. Mr. Robert Winters. Mr. Murphy has been anxious to appear before the committee and there are other witnesses whom I would like to call, dependent upon the evidence given by the witnesses as they appear here.

Mr. SPENCER: How about Senator Fournier?

Mr. CHEVRIER: I said other witnesses. I presume the steering committee will wish to give that consideration and report to the general committee. With that perhaps I could carry on.

By Mr. Chevrier:

Q. On Tuesday, General Young, we were dealing with contract No. 2 and we were dealing with the second extra which amounted to \$23,092. You had explained what that extra was for and I would like to refer, in explanation of that extra, to a document which is among those filed and handed to me dated Montreal, January 10, 1950, addressed to Mr. E. A. Gardner and signed by Mr. Cormier. Do you want me to hand you my copy?—A. We have the copy now.

Q. I just want to read this into the record:

MONTRÉAL, January 10, 1950.

Mr. E. A. Gardner,
Assistant Chief Architect,
Department of Public Works,
Hunter Building,
Ottawa.

Dear Mr. Gardner,

NATIONAL PRINTING BUREAU at Hull,
Plan Fl. Level of Basement Floor.

In answer to yours of January 4th, 1950, I beg to give you the following information:

The level of the finished basement slab is

149.00

or about 5 inches above the high water level 148.6 of May 1928, level at which I intend to place the waterproofing membrane.

It is to be presumed that the water inside the enclosed space below the basement floor will never reach this level of the membrane unless the rate of seepage through cracks be greater than the capacity of the pumps operating in the sump pit situated at the N.E. corner at Q.R. 25-27.

The membrane is to be established on top of a full 13 inch structural slab resting on the piers at the proposed level of 146.00. On top of the membrane is a 5 inch light concrete fill sloping towards floor drains.

The water level of Brewery Creek is controlled by lo. The dam control at E. B. Eddy Plant 2o. The Hull waterworks on Brewery Creek.

Yours faithfully,

(Sgd.) Ernest Cormier,
Architect and Engineer.

There are some indications in handwriting which I have difficulty in reading.—A. I did not have that letter.

Q. I will give it to you in a moment. I would like to put this on the file as well as the following letter which is a letter from Mr. Cormier to Mr. Brault, asking for the authorization to spend this amount of \$23,092. Are those two letters accurate?—A. I am afraid I cannot say. I have not got copies to check.

Q. I am giving you my two copies which were taken from the file.—A. They certainly look genuine. I would say they are correct.

The CHAIRMAN: Those photostats were prepared in your own office.

By Mr. Chevrier:

Q. They are genuine letters?—A. Yes.

Q. Was the work authorized under that last letter performed at the unit prices of contract No. 2, extra No. 2?—A. Yes.

Q. Were the quantities checked, approved and recommended for payment?—A. Yes.

Q. I come to the third extra of \$60,247 which I believe you have already explained as being additional concrete, rock excavation for piers and walls, and increased depths of sump pits. Is that a general description?—A. Those unit prices were in the original tender call and were not changed.

Q. Now, may I refer you to another letter which is dated Montreal, August 24, 1950, addressed to Mr. Brault, chief architect, from Mr. Cormier. I will not read it because it is somewhat lengthy.—A. What was the date?

Q. August 24, 1950. In essence, it is a letter to the chief architect by Mr. Cormier asking for authorization for the expenditure of this extra in the amount of \$60,247.27. Is that a genuine letter?—A. That is a genuine letter.

Q. Were the quantities and unit prices checked by the department?—A. They were checked by the estimating department.

Q. And were they approved by the contracts branch and recommended for payment?—A. I believe they were.

Q. Were the unit prices corresponding to those of the contract?—A. They were the same unit prices as in the contract.

Q. Now, may I go over quickly the submission to council dated November 9, 1949, which you have in your possession.

By Mr. Walker:

Q. Excuse me, Mr. Chevrier; that unit price for earth was \$3, was it—and rock \$5.50?—A. \$3.00 for earth and \$5.50 for rock?

Q. That is six times the amount of the previous figure?

MR. CHEVRIER: Just a moment, Mr. Walker; are you giving the evidence? You have been objecting to questions of that nature by me all along. You say you do not wish to interrupt, but still you interrupt my cross-examination by asking questions which express an opinion.

MR. WALKER: Mr. Chevrier, you are not the Chairman, and furthermore it is self-evident.

MR. CHEVRIER: Then, if it is self-evident, why bring it out?

MR. WALKER: Why don't you bring it out? You are a litigant; it is up to me to do it, and we have done it.

MR. CHEVRIER: I will say to you: Why didn't you bring it out?

MR. WALKER: Your future is behind you. You are no longer a cabinet minister. Leave it to the Chair.

THE CHAIRMAN: Gentlemen, there is no need for a Donnybrook so early in the morning.

MR. PICKERSGILL: Mr. Chairman, I object very strenuously to a statement made by Mr. Walker that is not true.

MR. WALKER: That his future is behind him? That includes you, Jack; you are two of the vanished pomps of yesterday, trying to put on a show.

MR. PICKERSGILL: Never fear, Mr. Walker; and I say Mr. Walker has made a statement in this committee which is not true. He said this \$3 price was six times the unit price in that contract, and that statement is false. The unit price in the contract is precisely the same as this price, and we are talking about contract No. 2. We are not talking about some other contract made at some other time.

MR. WALKER: It is six times the price of the original contract.

MR. CRESTOHL: Mr. Chairman, on a point of order, Mr. Walker has made statements which have nothing to do with the merits. Whether Mr. Chevrier's future is behind him or in front of him has nothing to do with the actual facts of the case. It is another one of these fantastic statements in an attempt to catch the headlines and it is very unethical to say the least.

MR. PICKERSGILL: At least Mr. Chevrier was never fired as a parliamentary assistant.

THE CHAIRMAN: It is very easy to give a ruling—

Mr. WALKER: That will be the day, Jack!

The CHAIRMAN: Mr. Chevrier, will you proceed?

By Mr. Chevrier:

Q. If I may go on, I refer to the submission to council—

Mr. WALKER: I do not like that, Jack.

By Mr. Chevrier:

Q. —dated November 9, 1949. This submission covers the authorization for the main contract No. 2 does it not?—A. September—

Q. No, November 9, 1949?—A. November 9, 1949.

Q. It is a submission to council authorizing the original contract for \$154,000?—A. In contract No. 2?

Q. Yes?—A. Yes, in contract No. 2.

Q. And there follows the order in council dated November 15, 1949, approving of that contract?—A. That is correct.

Q. Then I go on quickly to the next submission to council which is dated April 13, 1950; it covers the extra for \$23,092; is that correct?—A. That is correct.

Q. And the following order in council dated April 25, 1950, approved of the entry into that extra—entering into contract for that extra?—A. Yes sir.

Q. Then I go on to the third submission to council which is dated September 1, 1950, and which is for \$60,247 and covers that extra?—A. The whole submission does; that is correct.

Q. Giving in detail the prices and the quantities for the work to be done?—A. That is correct.

Q. And there follows immediately thereafter the approval by the cabinet dated September 12, 1950, for the entry into a contract for that extra?—A. That is correct.

Q. That is all I have on contract No. 2. We come now to contract No. 3 which is supply only of diesel generators, the amount of which was \$71,875. Is there anything that you know of which is not proper about this contract?—A. No. I do not know of anything that is improper.

Q. And what about the extra which was \$1,450 for additional parts?—A. That was for additional spare parts.

Q. I take it that is in order, too?—A. I think that is in order.

Q. Now, I come to contract No. 4 and here again I will go as quickly as I can. Would you produce the plans and specifications prepared by the architect and engineer for this contract?—A. They are of tremendous size. I discussed that with the steering committee. It is a big roll of drawings. We had them set up one day so that anybody could go and see them, but it is a colossal roll. It takes a long table to lay them out. I thought, Mr. Chairman, the arrangement was this would be suitable. They are available; we can bring them over.

Q. You have not got them here?—A. No sir.

Q. That is what I say; the arrangement was we would have them laid out and I thought at one of the meetings it was indicated anyone who wanted to see them could see them.

By the Chairman:

Q. They can be seen in your office and can be produced, if necessary?—A. They could be brought over, but it might be more practicable if they were laid out in our board room.

Mr. CHEVRIER: I am not going to pursue it at the present time, but I think all those plans and specifications should be here when we have Mr. Cormier before us, because there may be questions committee members will want to ask; and I know that Mr. Bourget would like to see them.

The CHAIRMAN: Are you requesting they be produced?

Mr. CHEVRIER: I am not insisting they be produced at this time, but when Mr. Cormier gives evidence I think they should be produced then.

The CHAIRMAN: We will have them available, Mr. Chevrier.

By Mr. Chevrier:

Q. Can you give me a more detailed description of them; what do these plans contain? Are there any drawings in them?—A. Yes, there are very extensive drawings; there are numerous big blue prints.

Q. And what about the specifications?—A. Well, they are fairly bulky too. They are all very long, Mr. Chairman, and they go together.

Q. Well, you examined these plans?—A. Well, I have gone through them.

Q. And the specifications?—A. I have gone through them.

Q. And are they in order?—A. Well, except in my opinion for incompleteness.

Q. You say they are incomplete?—A. I do not think they were as complete in detail as they should have been, and it would have avoided some of the additions which subsequently came. I cannot see why the reinforced concrete ramps were not in.

Q. I am glad you mentioned that. That is the item which is for \$249,973?—A. Yes.

The CHAIRMAN: And 22 cents.

By Mr. Chevrier:

Q. That is the one. Does it make any difference whether it was in that contract or in subsequent contract No. 6; it had to be done anyhow?—A. But the advantage of having it in the main contract is that you always get a competitive bid.

Q. Would it have made any difference had it been in the subsequent contract?—A. I cannot say.

Q. You cannot say. Now, I had some questions on these plans, but I suppose it is not fair to ask them if the plans are not here. Mr. Bourget also had a number of questions. I thought they would be here, but perhaps I can proceed. Now, can you tell me whether these plans had the approval of the consulting engineer, Mr. Powers?

The CHAIRMAN: Mr. Chevrier, would you please repeat your question.

By Mr. Chevrier:

Q. Can you tell me whether these plans, which are not before us at the moment, had the approval of the consulting engineer, Mr. Powers?—A. I do not think so, but I would hesitate to be positive of it.

Q. I am informed that he did approve of them.

Mr. WINCH: Mr. Chevrier, that is not correct; he disagreed. As you know, I went down all one afternoon and I saw the report from Mr. Powers in which he disapproved of some of the plans of Mr. Cormier.

By Mr. Chevrier:

Q. I am informed he had, but Mr. Cormier can tell us on that. Were they discussed with Mr. Cormier?—A. There is no direct evidence on file to indicate that, but I presume they were.

Q. I suppose he would be shown the plans?—A. Yes.

Q. And asked for an opinion?—A. I would assume that would be the procedure.

By Mr. Winch:

Q. He initialed the ones that he did see?—A. He initialed the original sketch plans. They were all initialed by him.

By Mr. Walker:

Q. You are speaking of Mr. Cloutier?—A. Mr. Cloutier, yes.

By Mr. Chevrier:

Q. Were the plans all approved by the Department of Public Works?—A. I would assume so.

Q. Tenders were called on July 21, 1950?—A. That is correct.

Q. The architect's estimate was received on August 17, 1950, you have stated?—A. Yes, that is correct.

Q. And the tenders were received on August 23, 1950?—A. That is right.

Q. There were three tenders submitted?—A. That is correct.

Q. One tender from Concrete Construction in the amount of \$1,771,000; one tender from E. G. M. Cape and Company in the amount of \$1,890,000; and a third contract from the Foundation Company of Canada in the amount of \$2,070,000. The contract went to the low tender, to Concrete Construction Limited?—A. That is correct.

Q. Could you find anything improper with this contract?

Mr. WALKER: That is a general question and I object to that. It would not be allowed anywhere.

The CHAIRMAN: Under the circumstances, I think it is a fair question.

The WITNESS: I could not see anything improper in this tender call. I revert to my former comment that is, the general comment that the reinforced ramp should have been included.

By Mr. Chevrier:

Q. Yes, you said that, and you also said that the plans were incomplete.

Having disposed of that, may I come quickly to the first extra in the amount of \$249,973. That is for the reinforced concrete ramp and loading platform that crossed the roof at the north of the building. Could you just tell the committee what this was for?—A. From the contractor's submission and estimate of the details dated October 15, 1951, I read the following:

We are submitting herewith for your approval a breakdown Estimate for Super-Structure of Ramp Section between Cols. Row Q and Cols. Row T inclusive, all according to structural plans by Mr. Ernest Cormier, architect and engineer.

There is a very long detail of the material. I do not know whether you wish me to read that.

Q. In order to shorten it up let me put it this way; the ramp is sort of an underground thing which goes into the basement from one end of the building to the other?—A. That is right.

Q. It is a pretty long piece of structure. It is made of what?—A. Concrete.

Mr. BOURGET: And steel.

The WITNESS: It is made mostly of concrete in form with reinforcing steel. The materials are mainly concrete and steel.

By Mr. Chevrier:

Q. Yes, and in your opinion was it a necessary expenditure?—A. The structure was necessary for the building.

Q. Yes, it had to be done at some time or other, whether in the original contract or in a subsequent contract?—A. Yes.

Mr. BELL (Carleton): He has said that twice already.

By Mr. Chevrier:

Q. May I ask whether the unit prices of the contract were used to figure this extra?—A. Yes, the unit prices of the original contract were used.

Q. Was the work performed at the unit prices?—A. The work was performed at the unit prices.

Q. Were the quantities checked and approved?—A. Well, I can only assume they were.

Q. You could only assume that they were recommended for payment as well?—A. Yes.

Mr. McGREGOR: Could I ask a question here?

By Mr. McGregor:

Q. Was all this work done on unit prices?—A. This work was all done on unit prices.

Q. What about this item here in the amount of \$8,000 for erecting steel towers and so on, and another item for heating in the amount of \$4,875?—A. The item of \$8,000 is made up of renting of steel towers; renting of steel trusses; labour to erect and move the ramps; cartage; scaffold planks; rental of special jacks; labour in dismantling the trusses and towers; provincial sales tax and insurance on wages.

Q. Was that all included in the unit price?—A. No, that was grouped as one unit and one price.

Q. Was there any escalator clause in that contract?—A. No, there was no escalator clause.

Q. Then what is the item in the amount of \$22,850.82 for?—A. In regard to that item there was the increased cost index.

Q. I beg your pardon?—A. That was the increased cost index.

Q. There was no escalator clause. The man took a straight contract. There was no escalator clause but he was allowed \$22,000?—A. Yes, because of the increase in the cost from the time of the original contract.

Q. Right.—A. In other words, that was something which would have been avoided, as I pointed out, if it had been included in the original contract.

Q. There was no escalator clause in that contract and still he was allowed what would be equivalent to an escalator clause?—A. Because this work was done subsequent to the date of his award.

By Mr. Chevrier:

Q. May I go on to the second extra which is in the amount of \$51,290.06. That was for miscellaneous additional work and includes a large number of small items, is that correct?—A. Yes, that is correct.

Q. I would like to put on the record here a letter which covers this extra and which is dated April 3, 1952 addressed by Mr. E. A. Gardner, the chief architect, to Mr. Cormier, the architect in Montreal, which reads in part as follows—I will not read it all:

Referring to your letter of February 7, 1952, I would inform you that by order in council P.C. 1749 dated March 27, 1952, authority is

granted for additional work on the above project in connection with contract of Concrete Construction Limited, such additional work being more particularly detailed as follows:

Then there follows a detailed list amounting to \$51,290.06.

Mr. BELL (Carleton): Put them on the record.

Mr. CHEVRIER: Put all these items on the record? I have no intention of doing that unless you insist.

The letter concludes:

Please notify the contractors to proceed with this additional work. I hand you the letter.

The WITNESS: I have a copy.

The CHAIRMAN: Are you producing that or just referring to it?

Mr. CRESTOHL: Refer to the date of the letter.

Mr. McGREGOR: Could I ask a question on that point?

The CHAIRMAN: Yes.

By Mr. McGregor:

Q. Was there any unit price used in respect to that and if not, how did they arrive at this price?—A. No, there was no unit price for that.

Q. How did they arrive at the price?—A. It was arrived at by negotiation.

Q. It is just a contract based on the first price and they negotiated it after that?—A. That is right.

Q. And they came up with this amount?—A. Yes.

By Mr. Bourget:

Q. Mr. Chairman, on that point; when the tenders were called he was not asked to give a unit price for all these items that appear here?—A. Not in regard to this one, he was not asked that. They were not included in the original contract and there was no unit price which was suitable, so that all these extras were made on the basis of negotiation.

By Mr. McGregor:

Q. There is nothing in there to show the amount of the units that were done for that amount of money. Have you anything to show what units were done for that much money?—A. There are no units. For instance, in regard to the first item, alteration at basement slab—\$200.

Q. There is nothing to show what that meant?—A. No.

Q. That might have been worth \$2, or it might have been worth \$2 million. There is nothing to show what it meant.

By the Chairman:

Q. The department must have approved those items?—A. The department approved them.

Mr. CHEVRIER: Let us ask Mr. Kemp, who is the estimator. Did you have any negotiation in regard to those items?

Mr. KEMP: These are prices and quantities obtained by Mr. Cormier from the contractor. Mr. Cormier, the architect, gets them in writing from the contractor. He checks these things and he then reports to the chief architect. In other words, this list here has been reported to us. Mr. Cormier certifies that he has checked these and found them fair and reasonable.

Mr. McGREGOR: Mr. Fournier approved of them?

Mr. KEMP: That is right.

Mr. McGREGOR: There is nothing, as far as we know, about the quantities in there for the \$51,290.

Mr. KEMP: Mr. Cormier could produce those.

Mr. CRESTOHL: Are you referring to the list of December 10, 1951?

Mr. CHEVRIER: No. It is the list of April 3, 1952, containing a break down for each item of the \$51,000 and some odd.

Mr. STEWART: Mr. McGregor was referring to the letter of December 16.

By Mr. Chevrier:

Q. The last addition to contract No. 4 is "steel dowels for columns, concrete roof structure, replacing steel trusses, \$5667.06."

I presume that I can pass on to that. Is there anything improper about it?

—A. This was from Mr. Cormier; a letter dated May 26, 1952:

Due to the change from structural steel to reinforced concrete for the roof of the main plant of the national printing bureau, steel dowels have to be inserted in the present concrete work.

A tender has been submitted by Concrete Construction Limited as an extra to their contract of October 31, 1950.

After examining this tender, I have made in red ink an adjustment on the unit price of steel to conform with the unit price accepted for the addition to the contract of the ramp section.

I hereby recommend the acceptance of this tender as corrected and amounting to \$5,667.06.

By the Chairman:

Q. That was recommended by Mr. Cormier and approved by you?—A. That is right; it was recommended by Mr. Cormier and approved by the department.

By Mr. Chevrier:

Q. That disposes of contract No. 4 as far as I am concerned.

Mr. WALKER: Carrying out what Mr. McGregor said, it is true that these extras, as Mr. McGregor pointed out, were approved only by Mr. Cormier. Was there no check put on them by anybody else?

The CHAIRMAN: He did not say that.

The WITNESS: I said they were recommended by Mr. Cormier.

By Mr. Walker:

Q. There were no unit prices to guide Mr. Cormier?—A. That is right.

Q. And Mr. Cormier's recommendation was accepted without question?—A. That is right.

By Mr. Chevrier:

Q. These items were checked by the officers of the Department of Public Works?—A. I think this one was.

Mr. CRESTOHL: Would you look at that letter of February 7, 1952 in that same connection?

Mr. WALKER: Is there any record that it was checked?

Mr. CRESTOHL: Just a moment please. Let us complete this!

Mr. PICKERSGILL: I think Mr. Crestohl asked a question which has not been answered.

Mr. WALKER: I thought he was talking to himself again.

By Mr. Crestohl:

Q. I refer to the letter of February 7, 1952.—A. I have that letter before me.

Q. Does that letter not contain any detailed explanation of the work to be done for this sum of \$51,290.06?—A. It explains in detail the extras.

Q. That is correct.

By Mr. McGregor:

Q. If you will turn to this letter of Mr. Cormier's of December 10, 1951, it says:

Please find enclosed two copies of summary detail lists, up to date, of the supplementary work on the above super-structure. The majority of these items are already completed.

Evidently on the date that this job was taken up, the work was completed before it was approved. Is that correct?—A. Apparently much of it was.

Q. Then we come to another letter of December 30. That was on February 4, 1952. That was a year after this work was done, when the work was approved?—A. February 7, 1952?

Q. No. I should have said February 14, 1952.

Mr. PICKERSGILL: It was not exactly a year. It was just over Christmas.

Mr. McGREGOR: December 10, 1951 to February 4, 1952. My point is this: that the work was completed before it was approved.

The CHAIRMAN: That is your statement.

Mr. McGREGOR: Yes.

The CHAIRMAN: If you would only put it in the form of a question, we could get an answer.

By Mr. Chevrier:

Q. The next contract, No. 5, is for concrete frame of power house and garage structure. That went to the Concrete Construction Company for \$822,185. And there is a small addition of \$25,046.25. Have you been able to find anything improper about this contract?—A. Nothing improper, but it seems to me that the finish should have been included in the original contract.

Q. You mean the exterior finish, the walls?—A. Yes, it should have been included.

Q. And that is the only comment or reservation you have to make about it?—A. That is all I have.

By Mr. Bourget:

Q. It is not the finish of the wall, but the finish of the roof slab, I think.—A. Yes.

Mr. McGREGOR: I have a question about the roof slab.

The CHAIRMAN: Will you please hold your question, Mr. McGregor. Let us try to make progress and keep it speeded up!

By Mr. Chevrier:

Q. You gave me, in evidence at the first hearing — —A. Are we now on contract No. 6?

Q. We have finished with contract No. 5 as far as I am concerned. Now, dealing with contract No. 6, we have covered it pretty well with the exception of one item, one addition, that is, (a) in which you told me that you had nothing to do with it because you arrived as deputy minister about the time that extra (b) was being completed.—A. That is correct.

By Mr. Pickersgill:

Q. Could you tell us the date on which the treasury board or the governor in council was given the item (a) of \$34,344 in contract No. 6?—A. November 17, 1953.

Q. Yes. Thank you.

By Mr. Chevrier:

Q. You gave me in evidence some time ago that the total of the original bids was \$10,874,261; that is to be found on page 160 of the evidence. I read at page 160:

By Mr. Chevrier:

Q. No, the total of the low bids for the six contracts.

Mr. BELL (*Carleton*): Without any additions at all.

By Mr. Chevrier:

Q. Yes. Without any extras.

A. The answer is \$10,874,261.

A. Without rechecking the figures, I think that was correct.

Q. Could you give me the total of the extras on these contracts?

Mr. PICKERSGILL: You mean of all six contracts?

By Mr. Chevrier:

Q. I mean, of all six contracts; taking each contract separately? Would you look at my addition? I am talking of all the contracts, the extras covering all the contracts.

On contract No. 1 it was \$183,695. Is that correct?

Mr. J. O. KEMP (*Contracts Division, Building Construction Branch, Department of Public Works*): The extra was \$187,691.

Mr. CHEVRIER: And on contract No. 2, it was \$87,989.27.

Mr. KEMP: That is right.

Mr. CHEVRIER: And on contract No. 3 it was \$1,450.

Mr. KEMP: That is right.

Mr. CHEVRIER: And on contract No. 4 it was \$306,930.

Mr. KEMP: That is right.

Mr. CHEVRIER: And on contract No. 5, it was \$20,046.25.

Mr. KEMP: That is right.

Mr. CHEVRIER: And on contract No. 6, it was \$1,128,772, because you have to take off \$693,641.

Mr. KEMP: That is right.

Mr. D. A. FREEZE (*Director, Property and Building Management Branch, Department of Public Works*): It was \$1,128,772.56.

Mr. KEMP: That is correct.

Mr. CHEVRIER: So, the original bid was \$10,874,000, and these extras of \$1,128,772.56 would be about ten per cent.

Mr. KEMP: That is right.

Mr. CHEVRIER: Which is not out of line, as you say, with the contracts in your department?

The WITNESS: I think I said it was the maximum.

By Mr. Chevrier:

Q. May I go on from there. I think you have already stated in evidence that the printing bureau first came to your attention in January 1954.—A. That is correct.

Q. January 1954; and that was not until extra (b) of contract No. 6, namely, \$86,333.38 came into effect, or came to your attention?—A. That is correct.

Q. Now in respect to this extra, before recommending it to the treasury board, did you interview Mr. Cormier?—A. I do not recall whether I did; I do not think I did at that time because I was dealing with the chief architect.

Q. It was a pretty large extra, was it not? Don't you think it would have been perhaps better to have discussed this with Mr. Cormier?—A. Well, in the light of after events—I did not realize at that time the background of the printing bureau; I did not realize that there had been six contracts.

I asked who the general contractor was, and I was told that it was the Concrete Construction Company.

I was new to the department and I was busily organizing it. But I am quite certain that I did not at that stage discuss it with other than the chief architect.

Q. Did you visit the site of the printing bureau before this extra of \$86,333.38 was approved?—A. I do not recall. I visited it within the first six weeks of 1954, but I cannot say whether at this stage I visited it before that extra was approved or not.

Q. What did you do to satisfy yourself that this extra should be sent to treasury board?—A. The procedure was to effect the best negotiation we could. I had the assurance of the chief architect. I recall having the assurance that it was checked by our estimates people. Beyond that I am afraid I cannot say.

Q. Did that satisfy you that it was in order to submit it to the treasury board?—A. I was informed that there was work which had to be done, that some of the work had actually started the previous year. It was a question of urgency, trying to meet this difficulty in the best way that we could.

Q. Is there anything positive that you did about this extra which would appear on the records?—A. No, there is nothing on the records, nothing positive. But I remember distinctly having the assurance of the chief architect that it had been reviewed carefully and had been approved by the estimates people, and that in the light of the urgency, and in the light of the fact that much of the work was under way, and in the light of fact that we could not get competitive bids, that we should proceed.

By Mr. Walker:

Q. Because it is an extra, you are at the mercy of the contractor?—A. To a great extent, we are on the basis of negotiation.

Q. Because there is no unit price.—A. No unit price. There were no unit prices on number 6 contract.

Mr. WALKER: And these rates had all been included in the original contract?

Mr. CHEVRIER: Are you giving evidence again?

Mr. WALKER: Mr. Chevrier, you are so primitive in your questions.

Mr. CHEVRIER: Talking about primitive, I have never seen—

Mr. WALKER: Do not lose your temper again. What you are going to say now is going to be insulting because your face is getting red.

The CHAIRMAN: Order please.

Mr. WALKER: It is going to be terrible.

Mr. CHEVRIER: What I am going to say is this—

Mr. WALKER: Stand up so we can see you.

Mr. CHEVRIER: You are the best example of a lawyer using police court tactics that I have ever seen so far.

The CHAIRMAN: Order please. I must say that I never knew the English language could get so emotional. Perhaps we should proceed in French.

By Mr. Crestohl:

Q. The last two answers you gave you referred to the chief architect who approved and checked, and gave you the information. You are referring to the chief architect in your department?—A. Yes, Mr. Gardner.

By Mr. Pickersgill:

Q. There is one question if Mr. Chevrier would permit it. General Young told us earlier in evidence that he and Mr. Winters hesitated when these items came to their attention. He came forward and told us quite frankly that there was no record whatever, that that was just a statement he made from his recollection— —A. I am not certain—

Mr. CAMPBELL (*Stormont*): By the very nature of that there might not be any record of a confidential disclosure.

Mr. PICKERSGILL: If this is distasteful to Mr. Campbell—I would like to proceed with my question. I would like if possible to be able to ask the question.

Mr. CAMPBELL (*Stormont*): I would like to ask him a question too.

Mr. PICKERSGILL: It is all these interruptions which obscure these meanings, and unlike Mr. Campbell I want to get the facts.

Mr. MURPHY: He wants to hit below the belt.

Mr. PICKERSGILL: I am not smearing anybody.

Mr. WALKER: That is an old trick of yours.

Mr. CHEVRIER: You are quite a joker, Mr. Walker.

Mr. WALKER: I can take care of myself.

Mr. CHEVRIER: You are the best joker I have seen for quite a long time.

Mr. WALKER: I know you have lost your temper.

Mr. CHEVRIER: I have not lost my temper at all; I think it is funny.

The CHAIRMAN: Mr. Pickersgill wanted to ask a question. What is your question?

Mr. PICKERSGILL: My question is this: I find in the statement of evidence made by General Young—and I want to be fair, and if he objects to my preliminary I will amend it to suit him—I think it is very crucial to the whole matter. I think this was the first matter that came to his attention when he first became deputy minister. This was the first contact with his problem of the printing bureau, a statement from the chief architect for the approval of the deputy minister for submission to the treasury board, an item of \$86,000. Now, this, we were given in evidence, was originally claimed one year earlier on January 1, 1953. I am paraphrasing the record which I looked at last night—

Mr. CAMPBELL (*Stormont*): It should have been in the original estimate.

Mr. PICKERSGILL: Now, Mr. Campbell is trying once again to obscure the facts.

Mr. WALKER: You have talked for five minutes now.

Mr. PICKERSGILL: I am trying to ask a question.

By Mr. Pickersgill:

Q. This matter had been under consideration in the department for a whole year. General Young told us that he and the minister had some hesitation—I think that was the word—A. That is correct.

Q. —had some hesitation about this,— and I can readily understand that having been a minister myself, and I would have had some hesitation about a thing like this. So would any other responsible person. I think we ought to be told by General Young what preceded and what resolved that hesitation, and I think he should be allowed to speak for himself?—A. As I say, there is nothing in the file to indicate what Mr. Winters and I actually said, but I recall very distinctly we were perturbed, and we referred it back to the chief architect for verbal explanation. It was at that time that we learned such things as (a) the work was well underway, (b) the urgency of getting the printing bureau completed, (c) the difficulties of negotiation which always obtain when you have not got firm prices at the start. As I recall we finally came to the conclusion that we did not like it, but there was nothing to do but proceed and get the work done.

Mr. CAMPBELL (Stormont): May I ask a question?

Mr. PICKERSGILL: May I ask a supplementary question?

By Mr. Pickersgill:

Q. You told us in evidence, General Young, and here again I am paraphrasing, that you submitted this to the treasury board, that it was the proper thing for you to do and that you gave in evidence, as you have just mentioned, that it was urgent. Now, this matter had been pending for a year, and as you have told us a lot of the work had been completed. Now, the actual passing of the order in council was therefore not going to delay the work. If you had not been satisfied there would have been no reason so far as the work was concerned for not holding this up for another couple of months?—A. Well, I wonder what useful purpose would have been served?

Q. In other words, you felt you had done everything you could?—A. We had done everything we could.

Mr. CAMPBELL (Stormont): I wonder, was this hesitation on the part of Mr. Winters somewhat delayed by a conference with his cabinet colleagues?

Mr. CHEVRIER: Well, you can ask Mr. Winters when he comes here.

By Mr. Chevrier:

Q. Did you have anything to do, General Young, with the preparation of the estimates for 1954-55?—A. No, they were all prepared before I came to the department.

Q. You came in January, 1954?—A. That is correct.

Q. And these were estimates from March 1954 to the end of March 1955?—A. But they had been completed and submitted previous to my coming.

Q. Do you know what the amount was? Do you know what the amounts for the estimates in that year were? While they are looking that up, what were the supplementary estimates for that year?—A. I do not recall, I would have to look up the record.

Q. Did you have something to do with the supplementary estimates?—A. I would have had something to do with the supplementary estimates.

Q. Did you make any inquiry about the supplementary estimates at that time?—A. Oh yes, I reviewed them.

Q. You made a complete study of them, I take it?—A. I make a practice of that.

Q. Could you produce the papers which you had to assist the minister in defending these estimates in the House of Commons?—A. We will have the papers that were prepared for treasury and explaining in the House of Commons.

By the Chairman:

Q. Are these confidential documents, or can they be produced?—A. Oh yes.

By Mr. Chevrier:

Q. What I asked for were the estimates for the year 1954-55?—A. Required in 1954-55 to complete \$3,500,000.

Q. You had nothing to do with that?—A. No.

Q. Now, what is the supplementary estimate?—A. I am afraid we have not got the supplementary estimates here. I will tender those at a later meeting.

Q. Then, I will go on to 1955-56—A. I am informed there were no supplementary estimates.

Q. Then, we go on to the main estimates for 1955-56. You had something to do with those?—A. Yes, Mr. Chairman.

Q. What were the amounts?—A. \$1,200,000.

Q. Now, what inquiries did you make about this estimate of \$1,200,000?—A. Well, I made an analysis and study of the various estimates, of the detail of those estimates. They were listed—site, completion of the contract with Miron Freres for the excavation, contract number 1, and this contract with Concrete Construction for footings amounting to the final estimate. There was the contract with the Consolidated Engines and Machinery Limited for the supply of diesels, final estimate \$71,875. Again, Concrete Construction, for the construction of the concrete powerhouse, \$847,231; Concrete Construction, for construction of concrete of the main building, including extra work authorized, \$2,870,149; and again Concrete Construction for completion of the main building, including grading, paving and lighting, \$8,346,000. Architects' fees, \$591,000; additional requirements and improvements to grounds, \$700,000, which also involves fencing of grounds, additional lighting, compressor, and fire protection, making the total of \$700,000.

Q. Did you assist—

By Mr. Pickersgill:

Q. Would Mr. Chevrier permit me to ask a question? Those totals are vastly greater than the estimate which General Young mentioned of \$1,200,000. That was just a series of items to complete these various things?—A. To complete payments going back to contract No. 1.

Q. I think,—otherwise, there might be some confusion in our minds,—might I ask another question. That was the first year you had the responsibility to your minister for the estimates of the department?—A. Yes.

Q. And I presume you took very great care with it, just as all conscientious deputies do. You were quite satisfied that you were not recommending an amount greater than was required to complete this?

Mr. WALKER: Well—

The WITNESS: I was confronted throughout, at this stage, with trying to negotiate the best price. We endeavoured to negotiate the best price and Mr. Winters was just as concerned as I was. We endeavoured to negotiate the best price and then concluded, that would have to be it.

Q. I have a recollection of having been at the treasury board when you and Mr. Winters appeared before the board.

Mr. WALKER: You give evidence next, Mr. Pickersgill.

Mr. PICKERSGILL: No—

Mr. WALKER: You have talked for five minutes now. Mr. Chairman, I do object.

The CHAIRMAN: I think you could condense it.

Mr. CATHERS: You have, by arrangement, given this morning over to Mr. Chevrier and have asked us to keep quiet. Mr. Pickersgill is being a privileged member of this committee and I think it is unfair to this committee.

The CHAIRMAN: He has just desisted.

Mr. CATHERS: That means for the whole meeting?

The CHAIRMAN: I wish I could say yes for all the committee members.

Mr. MURPHY: You might just as well anyway.

By Mr. Chevrier:

Q. Dealing with the estimates for 1955-56, in the amount of \$1,200,000, did you help the minister defend this estimate in the house?—A. Yes. I had the information which I summarized and which I have given you.

Q. You sat beside him in the House of Commons?—A. Yes.

Q. And helped him prepare these estimates in the department?—A. Yes.

Q. Because I take it prior to the introduction of the estimates the deputy minister and the minister get together for a preparation of the esimates to be discussed in the house?—A. Yes.

Q. Could you produce the papers which you had to assist the minister in defending this item of \$1,200,000?—A. We have nothing in writing except the notes which I had at the time.

Q. You have no record of it?—A. No, apart from the notes which we take into the house to help the minister.

By Mr. Bourget:

Q. Would you not have a breakdown of the complete items which would add up to \$1,200,000?—A. I read them out a few moments ago.

By Mr. Chevrier:

Q. Then, coming to the estimate of 1956-57—

Mr. PICKERSGILL: Mr. Chairman—

Mr. BELL (Carleton): Now—

Mr. PICKERSGILL: Well, Mr. Chairman, I was going to ask a very simple question—

Mr. BELL (Carleton): Of that we can be sure.

Mr. PICKERSGILL: All right; if you want to suppress me.

Mr. WALKER: We know it would be simple, Jack.

The WITNESS: I find that I did not quite finish when I was giving the total estimated costs. The total expended at that time was \$13,936,871. The expenditure for 1947-48 to 1953, not including \$1,106,750 for property acquired on behalf of the Federal District Commission, made the total of \$9,836,000, plus \$2 million for estimated expenditure, or a total of \$12,736,871, leaving required to complete in 1955-56 an estimated \$1,200,000.

Mr. CAMPBELL (Stormont): On a point of order, Mr. Chairman; if Mr. Pickersgill cannot get his questions in the front door is he going to be permitted to sneak them in through the back door?

Mr. BOURGET: Who is attempting to gag now?

By Mr. Chevrier:

Q. Dealing with the estimate in 1955-56 of \$1,200,000, was there anything wrong with this item?—A. No, it seemed to be consistent with the progress made.

Q. Did Mr. Winters not have a book to use in the house to explain all the items that came up for discussion?—A. Yes. This is based on the information which I have here.

Q. May I pass on to the estimate for 1956-57 in the amount of \$550,000? Was that the—I am keeping my eye on the clock.

The CHAIRMAN: Do not say it, Mr. Walker.

Mr. CHEVRIER: Hold your temper, Mr. Walker. You perhaps have less trouble holding yours than I have holding mine.

Mr. WALKER: There is no question about that. I am just helping you to get through by 11 o'clock.

Mr. CHEVRIER: Well, just be patient and quiet.

Mr. McGEE: Who is gagging now?

Mr. CHEVRIER: Not I.

Mr. BOURGET: You two should spend the week-end together. Do not put that down.

Mr. PICKERSGILL: Is that in quotation marks?

Mr. CHEVRIER: I doubt whether we would have as much fun as we are having here.

Mr. WALKER: It depends what you call "fun"?

The WITNESS: Mr. Chairman, the answer is \$400,000.

By Mr. Chevrier:

Q. Was the same procedure followed in reference to that item as with reference to the \$1,200,000?—A. Yes.

Q. You helped the minister defend it in the house?—A. Yes.

Q. Was there anything the matter with it?—A. Not apart from my former comments on it.

Q. Can you produce the papers you had to assist the minister in defending this item?—A. I have the paper here.

Q. Would you table it?—A. I do not know; this is a document prepared by our officials.

Q. Well, I will not insist, Mr. Chairman.

Mr. McGEE: Mr. Pickersgill ruled that type of thing out of order.

Mr. PICKERSGILL: I have no power to rule.

By Mr. Chevrier:

Q. If I may go a step further, what were the estimates for 1957-58?—A. I am afraid, Mr. Chairman, I have not got them here; I will have to get them for a later meeting.

Q. Have you any idea what the amount is?—A. I have not.

Q. Well then, let me deal with the two— Oh, I should have asked this question: were there any supplementary estimates in either of these two years 1955-56 and 1956-57?—A. I do not think there were, Mr. Chairman.

Q. Let me add this. In connection with these two years, 1955-56, for which the amount was \$1,200,000, and 1956-57 for which the amount was \$490,000, I think you said, did you appear before treasury board for the discussion of these two items?—A. I accompanied the minister when he appeared before treasury board.

Q. And were you asked questions about these estimates?—A. I think we were, but I cannot recall in detail what they were; they were discussed.

Q. And those would be questions in explanation of the estimates?—A. Yes.

Q. When did you first tell your minister there was anything wrong with the printing bureau?—A. Well, I am afraid I cannot give the exact date. I would think it first came up when we considered the item addition No. "B" of \$86,000.

By Mr. Pickersgill:

Q. In 1954?—A. In 1954.

Br Mr. Chevrier:

Q. Well, I wonder if you could not draw a little more on your memory. You say you think it came up then?—A. Well it did come up at that time, but whether—

Q. Yes, it came up at that time, but my question was: when did you first tell your minister there was anything wrong with the printing bureau?—A. Again, I cannot give the exact date.

The CHAIRMAN: Well, approximately?

The WITNESS: Well, it was early in 1954 and I would assume it was about the time item "B"—when we were discussing the items.

By Mr. Chevrier:

Q. Can you give me the number of occasions upon which you discussed this matter with your minister?—A. No, I cannot, Mr. Chairman; there were numerous occasions. The minister and his deputy are always discussing matters of this kind.

Q. Is there any record of it?—A. No, Mr. Chairman, I do not think there is any actual written record.

Q. Did you discuss the printing bureau with your present minister?—A. Yes, I did, Mr. Chairman.

Q. Did you prepare a memorandum for him on it?—A. Not in general. There was a verbal explanation of the problems, particularly the air conditioning.

Q. Did you prepare a memorandum on any part of the whole contract including No. 6?—A. I do not think so, generally. I may have given him separate memos on particular subjects, and I think I may have done so in regard to the air conditioning.

Q. Have you those memoranda?—A. That is a document to my minister.

Q. Yes. Could I see it?—A. I think that is in the list of preferred documents.

Q. It is in the list of preferred documents in so far as—

Mr. WALKER: On your own argument.

Mr. CHEVRIER: That was not decided, but it is in the list of preferred documents in so far as making them public is concerned.

The point I am asking him is, is there any objection to my seeing these memoranda that were prepared?

The WITNESS: I am not certain there are any.

By Mr. Bourget:

Q. You said that you thought there were?—A. I said I thought I might have generally, but I do not know. The minister would perhaps say, "give me a little memo, or discuss this with me in the morning." However, I am not certain which of those it may have been.

Mr. WALKER: Five minutes, Mr. Chevrier.

Mr. CHEVRIER: That is all, thank you.

The CHAIRMAN: Have you finished this morning?

Mr. CHEVRIER: I have finished, subject to recalling this witness, as I stated earlier, if need be, at which time I might have to ask additional questions.

The CHAIRMAN: Did you have another witness in mind for tomorrow?

Mr. CHEVRIER: Perhaps we are ready to call Mr. Cloutier.

Mr. WALKER: Let the poor fellow get on to Europe.

The CHAIRMAN: Shall we call Mr. Cloutier tomorrow?

Some Hon. MEMBERS: Agreed.

Mr. DRYSDALE: Mr. Chairman, I would like to ask General Young a question while he is here in relation to contract No. 5.

By Mr. Drysdale:

Q. Was it faulty materials or defective workmanship that caused the collapse of the wall that killed one man and injured seven men in March of 1952?—A. I am afraid I do not know the answer to that.

Q. Was an investigation made by the Department of Public Works? Mr. Fournier suggested in a newspaper report in the Ottawa Citizen that an investigation would be made. Was such an investigation made, and if so, what was the result?

The CHAIRMAN: He will have to obtain that information.

Mr. SPENCER: Mr. Chairman, I would like to make a correction.

The WITNESS: I think we can answer that question to this extent; there was an investigation and the decision was that the contractor was not to blame. Beyond that I would have to get further details.

The CHAIRMAN: I think perhaps we should ask the best witness.

The WITNESS: I think that is a question for Mr. Cormier to answer.

Mr. SPENCER: I would like to make a correction, Mr. Chairman.

Mr. Chevrier was speaking about calling witnesses and he mentioned the name of the former public works minister, Mr. Winters. I interjected the name of Senator Fournier. I had in mind that name, and I should have said the former public works minister, Mr. Fournier because, in my opinion, his elevation to the bench does not absolve him, as a public official, from testifying before this committee.

The CHAIRMAN: Gentlemen, we will meet tomorrow morning at nine-thirty.

Mr. McGREGOR: I would like to ask if I could get the depth of the sewer on Cartier Street in Hull.

The WITNESS: It is 14 feet.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament
1958

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STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

DOCS DE TORONTO

CAIX

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

FRIDAY, AUGUST 22, 1958

WITNESS:

Mr. Edmond Cloutier, Queen's Printer.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)

and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserden
Bissonnette	Hales	Nugent
Bourget	Hanbidge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Simcoe North</i>)
Carter	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
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Drysdale	Morton	Yacula

Antonio Plouffe,

Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

FRIDAY, August 22, 1958.
(12)

The Standing Committee on Public Accounts met this day at 9:30 o'clock. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Bissonnette, Bourget, Bourque, Campbell (*Stormont*), Campeau, Carter, Cathers, Chevrier, Coates, Crestohl, Dorion, Doucett, Drysdale, Hanbridge, Macdonald (*Kings*), Macnaughton, MacRae, Martel, McGee, McGregor, Morissette, Morris Morton, Murphy, Nugent, Pickersgill, Pratt, Smith (*Simcoe North*), Spencer, Stewart, Valade, Villeneuve, Walker and Wratten—36.

In attendance: From the Public Printing and Stationery Bureau: Mr. Edmond Cloutier, Queen's Printer; Mr. C. B. Watt, Director, Financial Services Branch; Mr. F. E. Everett, Plant Engineer; and Mr. C. M. de Salaberry, Superintendent, Administrative Services Branch. From the Department of Public Works: Major General H. A. Young, Deputy Minister; and Mr. J. O. Kemp, Contracts Division, Building Construction Branch.

Mr. J. O. Kemp was called, obtained permission and made corrections in the evidence of August 22nd which appears in Issue No. 9, Pages 243 and 248. (See today's evidence for details).

The Chairman referred to a letter sent to him by Mr. Winch, unavoidably absent from this meeting, enclosing some questions he wished asked of the Queen's Printer.

The Chairman announced that the Committee would hear Mr. Ernest Cormier, the Consultant Architect, on Monday, August 25th at 9:30 o'clock in the morning. He convened a meeting of the Steering Committee to be held after the Orders of the Day had been disposed of in the House this day.

The Chairman then called the Queen's Printer and introduced him.

It was agreed that Mr. Walker examine the witness first, followed by Mr. Chevrier, and at their conclusion questions from the members at large would be put.

As referred to above, the Chairman, on behalf of Mr. Winch, put questions to the Queen's Printer.

In the course of the proceedings, the Queen's Printer was examined on a letter which he addressed on August 8, 1958 to Mr. Ernest Cormier following a verbal and telephone request made by Mr. Cormier.

The Queen's Printer was questioned in the French language for a short period. This part of his examination appears in this issue textually with a translation following.

The Chairman expressed the Committee's thanks to the Queen's Printer, and he was retired.

At 11:12 o'clock the Committee adjourned until Monday, August 25th to hear and examine Mr. Ernest Cormier of Montreal.

Antonio Plouffe,
Assistant Chief Clerk of Committees

EVIDENCE

FRIDAY, August 22, 1958.

The CHAIRMAN: Gentlemen, we have a quorum.

There are a few matters of general procedure to bring to your attention. First of all, corrections are to be made in the testimony given yesterday. They appear on the stenographer's copy, the first one at E-9, and I am going to ask Mr. Kemp to correct figures that were given yesterday.

Mr. J. O. KEMP (Contracts Division, Building Construction Branch, Department of Public Works): The figure of \$1,128,772.56 is to read \$1,298,-753.06. The figure \$20,046.25 should read \$28,046.25 and the figure \$693,661 should be \$693,641.

Mr. BELL (Carleton): What does that figure represent?

Mr. KEMP: It represents the total additional items or extras on the six contracts.

The CHAIRMAN: Then, at page G-6 there are figures to be corrected. Will you give us the correct figures, please?

Mr. KEMP: Where it reads "plus \$2 million for amended expenditures or a total of \$12,736,871"—\$9,836,000 should read \$9,836,871.00 and \$2 million should read \$2,900,000.

Mr. CHEVRIER: Mr. Chairman, may I make a correction at page 223 of the printed report of the public accounts, copy number 8. About half-way down the line I used the word "paper" and the word "vapour" appears. So I would ask that that be corrected.

Mr. WALKER: A vary appropriate mistake.

Mr. CHEVRIER: It may have some significance.

The CHAIRMAN: Gentlemen, I hope that this morning we can have less heat and a little more light, and I am going to suggest for your consideration the following procedure. First, that Mr. Walker try to restrict himself to fifteen minutes; then Mr. Chevrier.

Mr. Winch, representing the C.C.F. party, sent me a letter which I will not bother to read at this stage, but he says he regrets for good and sufficient reasons he cannot be here this morning, and he has supplied me with a letter of five pages including a list of questions which he asks me on his behalf to ask the Queen's printer if, in the meantime, they have not been answered.

Yesterday I was in touch with Mr. Cormier of Montreal, the consulting architect, and he told me he would be happy to be here on Monday morning at 9.30. I suggest that the steering committee meet immediately at the conclusion of this morning's meeting.

Mr. PICKERSGILL: Could that meeting be right after the orders of the day?

Mr. WALKER: Then after orders of the day—is that agreed?

Agreed.

Mr. WALKER: In your office?

The CHAIRMAN: Yes.

Mr. CRESTOHL: Will there be a meeting tomorrow?

The CHAIRMAN: We have not been sitting on Saturdays.

Mr. CRESTOHL: We will not sit tomorrow?

The CHAIRMAN: No.

This morning we have a very distinguished witness, Mr. Edmond Cloutier, C.M.G., B.A., L.Ph. Mr. Cloutier was born in the province of Quebec, he is a former secretary of L'Association Canadienne Française d'Education d'Ontario. He is a former managing director of the daily French newspaper of Ottawa Le Droit. He was appointed King's printer and controller of stationery October 20, 1940, and at this stage I would like to on your behalf thank Mr. Cloutier very sincerely for the speed within which he has hastened the printed evidence. I think it is almost an all-time record. We hear the evidence one day and have it the next day, which is very fast indeed, and I think we should thank him and his staff in that respect.

The Chairman spoke briefly in French.

Edmond Cloutier, C.M.G., O.A., D.S.P., Queen's Printer and Controller of Stationery, called:

.. The WITNESS: Mr. Chairman, I want to thank you very much for your courtesy. I will do my best with my limited knowledge of the English language to answer in that tongue all questions put in that language, and if anyone wants to, of course, ask questions in French, I will be also delighted to do it.

You know, it is quite a problem when you have to face an audience and speak in one or the other language. I used to excuse myself for my limited knowledge of the English language by saying my knowledge of French is so limited that I can hardly express myself in the other language. With this I will be delighted to answer questions.

The CHAIRMAN: May I interrupt at this stage? If there are any more photographs to be taken, please take them now and leave us alone.

Mr. BOURGET: In case Mr. Cloutier would like to give some of his answers in French, do we have a French reporter here?

The CHAIRMAN: We can get one.

Mr. CRESTOHL: Mr. Chairman, when you announced before that the questioners will be Mr. Walker and Mr. Chevrier, you did not mean to exclude the rest of the committee thereafter?

The CHAIRMAN: No, I was hoping Mr. Walker would be through in fifteen minutes. He told me he would, and then Mr. Chevrier, and then the committee.

Mr. Walker spoke briefly in French.

Mr. Chevrier spoke briefly in French.

Mr. WALKER: That is the first complimentary thing you have said, and that is a gross exaggeration.

Mr. CRESTOHL: This was the first one that was deserved.

Mr. WALKER: Thank you, Mr. Crestohl. I do not know what you speak.

By Mr. Walker:

Q. Mr. Cloutier, if you will just answer my questions very shortly, I am not going to deal with any printing or any machinery in the building, and I will be very brief.

Now, just one or two questions on your annual report. I see here on the first page that you did last year \$5,759,000 worth of business?—A. Yes.

Q. Thank you. Now, presumably if that had been done outside, whoever did it would make a profit, would they not—somebody else?—A. Yes.

Q. And would that be approximately 10 per cent, the profit of the people that you let business out to?—A. I think some years ago the net profit for the printer was around 4 per cent but it is different now.

Q. That is, it is more than that now?—A. I would not know.

Q. I would hope so?—A. Yes.

Q. Supposing we say it is 5 per cent?—A. Yes.

Q. Supposing we take it that you have done approximately \$6 million worth of business yourself?—A. Yes.

Q. Then, taking from that a profit of 5 per cent you have a profit of about \$300,000 that you have saved by doing the business in your bureau rather than sending it outside?—A. Yes.

Q. Now, I say this, that the plant with all the additions, and the land, and the lawyers' fees, and the architects' fees amounts to approximately \$16,200,000?—A. Yes.

Q. And with interest at 5 per cent, that amounts to \$810,000 a year?

Mr. PICKERSGILL: Mr. Chairman, I wonder if Mr. Walker would permit me to ask him if he has not included in that figure the \$800,000 in this year's estimates which has not yet been spent, and about \$1,200,000 that is land acquired for other purposes than the printing bureau?

Mr. WALKER: My friend is right, it includes \$800,000 for this year, and I was including all the land in connection with this project—you are quite right.

Mr. PICKERSGILL: I think only about a half million dollars was for the printing bureau.

Mr. WALKER: Some half million is right.

The CHAIRMAN: The balance of the land was for the Federal District Commission.

Mr. WALKER: Thank you very much, no question about that.

By Mr. Walker:

Q. That being so, then the interest on this investment is \$810,000 a year, which we must stack up against the saving to the country of running this bureau of approximately \$300,000 a year—correct?—A. Yes.

Q. Now, let us go on. The next point—is this—and these questions are going to be quite brief—A. Mr. Chairman, I would like to—not make a correction but bring into the evidence the fact that in the building itself of the printing bureau, we maintain services that are not printing services. We have about 250,000 square feet we use for services and not actually for printing. For example, our publication section alone requires 50,000 square feet of floor. The amount of \$5,700,000.00 spent for printing this year does not include the business we did in stationery.

Q. By the way, part of the business is farmed out, you give out business. Not only do you do this large business yourself, but you give out to different printers business amounting to nearly \$6 million?—A. It amounts to between 45% to 55% of this total spent by the Government each year.

Q. You farm it out and everybody gets some?—A. Right.

Q. Now, Mr. Cloutier, the next question is this: were you aware of the department of public works' plans for a new printing bureau in 1946 approximately, according to General Young, to cost around \$2,335,000?—A. I would have no recollection of having discussed costs at that time.

Q. Were you aware of that plan at that time to build a printing bureau for that amount?—A. In 1946?

Q. In 1946.—A. No sir.

Q. Now, did you discuss in April 1947 with the deputy minister Mr. Murphy the layout of the proposed printing plant?—A. Yes, I think we met in the deputy minister's office; I am not sure about the dates, but we met once in his office.

Q. And did you recommend Mr. M. E. Powers, an authority on air conditioning and printing presses?—A. I was not asked to recommend anyone at any time to do that type of work, but I brought to the attention of the public works department the name of Mr. Powers. I made no recommendation.

Q. Was he a consultant for a period of approximately July 16, 1947 to March 31, 1949?—A. Yes, for the Public Works Department.

Q. And paid approximately \$43,000?—A. That I would not know.

Q. Quite true. I appreciate your saying you do not know when you do not. Now, did you assist in making up the estimate of \$6 million as the estimated cost of this printing bureau passed by privy council order 2234 on May 20, 1948?—A. I had no knowledge of that order in council, and have not until recently.

Q. Did you approve later, on April 7, 1949, of the layout and the exterior trim of the printing bureau?—A. No sir, I do not remember of that.

Q. Were you finally shown the plans of Mr. Cormier; did you go over them with Mr. Murphy and approve of them?—A. That is the contract which is referred to in the evidence as number 6?

Q. That is right.—A. The one of 7 million odd dollars?

Q. Yes.—A. Sir, the position of the department in this case, as in other cases of the kind, when an expert is named by the government to make an inquiry or survey, was to supply information, to help in getting data.

Q. And you did assist?—A. I did assist in that sense—that when I signed the recommendation I was acting in the same manner as if I was requisitioning something that had been decided by government experts that I should buy.

Q. And you as one did approve of it—signed it?—A. Yes.

Q. Would you be good enough to tell me this: were you consulted at all during this period as to what you, Mr. Cloutier, the Queen's Printer, having the building built for your use—were you consulted as to what you required specifically for your printing needs?—A. Mr. Powers was appointed in 1947, I think, and I immediately appointed to put at the disposal of Mr. Powers one of my officers who could give him all the information he would require to proceed with his work. I understand they had to collect information as to the nature and volume of work the Department was handling, so that he would know what facilities the Department would require.

Q. Did you also give him information yourself?—A. I must have from time to time.

Q. And so far as you are concerned, when you signed and approved of these plans and specifications, were you satisfied the plan was going to work out all right?—A. Well sir, that is a difficult question to answer.

Q. Well, I mean—A. We were presented with the drawings or plans for a building and I was satisfied that the layout which was at the time presented was drafted according to the printing trade standards.

Q. Yes, exactly. And as far as you are concerned, you satisfied yourself as to what you wanted in those plans?—A. Well, that is No. 6 contract?

Q. Yes.—A. Well—

Q. I am only talking about the over-all picture; we will come to the—
—A. Yes, all right then.

Q. Is the answer "yes"?—A. I would say yes in a general way in as much as the plans submitted would provide the department with a well balanced lay out I, was satisfied.

Q. Now, in a word, Mr. Cloutier—and I want to be fair to you—were there any exceptions in your mind at that time when you approved?—A. Yes.

Q. Did you put them in writing—A. No, we never put anything in writing because the role of the Department was to supply information when required to do so.

Q. If there were exceptions in your mind did you express these exceptions to anyone?—A. If you permit me, Mr. Chairman—

The CHAIRMAN: Mr. Cloutier, take your time.

By Mr. Walker:

Q. Mr. Cloutier, you are doing very well; you speak beautifully. Just take it easy, will you, and be short because my time is limited. Do you follow me?—A. The way I put it is this way: that the conditions in printing are always changing. There is no art that is more fluid than this one. After the war there came on the market new and improved machines and we were dubious as to the final choice of available machines and of their relative location in the general layout. So we asked and it was arranged that the electrical connections would be brought up to the service base only and not further. We were therefore free to make any change in the layout of our machines before the contractor proceeded with the completion of the floor.

Q. Then, Mr. Cloutier, we have the plans approved of by you; we have the building started; we have the last contract under way, and after it is all under way and the building is built, did you then recommend certain changes—now, just wait for the question, will you—as set out in the evidence of General Young, which you have heard, and in the year 1953, which changes suggested by you according to the evidence of General Young and others in the department cost the additional sum of approximately \$210,000?—A. Right, sir.

Q. Is that correct?—A. Right, sir.

Q. Would you be good enough in a word to tell us why you did not think of these extras in this amount which eventually cost \$210,000,—why did you not think of them at the time the specifications and plans were approved by you, with the exception of the raceway, which you told me had to be left in abeyance?—A. At the time plans were accepted, or the recommendation which I signed was accepted, there was no reason for me to think that most of the changes I suggested later would become necessary. Most of the money that was spent as a result of the changes I suggested, concerned the printing of *Hansard*.

Q. Which one of these items was that? Now, just a moment. It was not the raceways of \$34,000?—A. No.

Q. It was not the changes in the lockers, of \$6,300?—A. No.

Q. It was not the telephone terminal boxes, of \$2,200?—A. No.

Q. Perhaps it was the changes in the layout of certain working areas (transparencies and job room)?—A. Yes.

Q. \$31,000. It was not the information counter?

The CHAIRMAN: Mr. Walker, to what are you referring?

Mr. WALKER: Page 5 of the rundown we have.

By Mr. Walker:

Q. It was not the information counter?—A. No.

Q. Or the security fencing in the amount of \$14,300?—A. No.

Q. Or the outdoor lighting in the amount of \$34,700?—A. No.

Q. Or the changes in glazing from clear to amber?—A. No.

Q. Or the changes in power load distribution due to changes in machinery positions?—A. The change in the process of printing *Hansard* which had been originally suggested may have affected the arrangements that had been made for load distribution.

Q. It had nothing to do with the fact that the fire commissioner came in later on?—A. No.

By the Chairman:

Q. You would be concerned with the safety of your own building?—A. I would, but that would be out of my hands; it has to do with the Department of Public Works.

By Mr. Walker:

Q. Now, I come to this. Mr. Cormier, in a press interview in Montreal has said that,—when he was asked about the air-conditioning—he is alleged to have said this, and I refer to the *Globe and Mail* report dated August 11, 1958 which concerns the air-conditioning; Mr. Cormier was interviewed?—A. Yes.

Q. When some employees complained of the warmth he (meaning Mr. Cormier) questioned the Queen's Printer and the production manager, and was told 'don't worry about that; when there is a number of employees, there is always some who will complain'.

Did you tell Mr. Cormier that?—A. I would not say that I said that in those words.

Q. You would use better language than that?—A. Yes.

Q. I know you would, yes. Well now, having said that, Mr. Cloutier, did you agree that the heating in the plant should be,—that the temperature in the plant should be at a constant 80 degrees and that the humidity should be at 55 degrees?—A. No, sir, I never had any dealings about that.

Q. No. Who made the decision that that should be so, Mr. Cloutier?—A. That was, I would say, Mr. Powers. He would be the man to recommend that.

Q. Mr. Powers?—A. Yes.

Q. And Mr. Cormier?—A. Yes. I do not know about Mr. Cormier. Mr. Powers would be the one that would make the suggestion because he was—

The CHAIRMAN: He was the expert.

By Mr. Walker:

Q. Was that a satisfactory situation as far as you were concerned?—A. I think the person to answer this question would be Mr. Powers or Mr. Cormier. It is a very technical matter.

Q. But you are the Queen's printer?—A. Yes.

Q. In your office there you cannot use—I will not go into that. I was going to say, you cannot use your shower all the time and 80 degrees is a little hot, is it not?—A. Yes.

The CHAIRMAN: Mr. Walker, may I interrupt you for just a moment? Is your question directed to the temperature in regard to employees or is it directed to the temperature in regard to the paper?

By Mr. Walker:

Q. As I understood it originally, Mr. Cloutier, the over-all temperature was to be kept at 80 with the humidity at 55, correct?—A. That is what was recommended by Mr. Powers.

Q. Let us put it this way; that was approved by Mr. Cormier and you took no exception to it?—A. I was not brought into the picture. It is a technical matter.

Mr. CHEVRIER: Mr. Walker, may I interrupt you here to elucidate a matter?

Mr. WALKER: Certainly.

By Mr. Chevrier:

Q. Was this over-all temperature of 80 degrees with a humidity of 55 to be kept throughout the building?—A. To be kept throughout the building?

Q. The whole building?—A. I would not know that.

By Mr. Walker:

Q. At the time we had the very pleasant visit with you a week ago, would you agree that on that occasion in some of the rooms the temperature was 92 and 94 degrees?—A. Well, I read in the papers that it was so, and I heard some gentlemen say that it was so.

Q. Yes.—A. When I heard the statement that the temperature was 92 and 94 degrees in the caster room I remembered that in the old building we had an average temperature of about 100 to 105 degrees in that room. That is however not the answer to the problem. We should have a better controlled temperature.

The CHAIRMAN: May I interrupt just to clear this up while we are at this point?

By the Chairman:

Q. What was the temperature outside on the day we went to the printing bureau?—A. I could check that. The readings in the printing bureau are picked up by employees of the Department of Public Works. I am not concerned because I have no control over those employees.

Q. In any event the high degree of temperature is in relation to one of the departments?—A. I want to be corrected by Mr. Cormier or whoever is responsible for the set-up in that room, but I am informed that the temperature is controlled independently from the main system. The air has to be taken in and out. If the temperature outside is 90, or 85, naturally, unless you cool that air it would come in at that same temperature. The air may be clear of fumes but its temperature would be the same.

Q. What room is that?—A. It is the monotype caster room.

By Mr. Walker:

Q. With the inadequate working of the air conditioning system, the temperature outside does not matter?—A. No, not as far as I know.

Q. On the day in question do you remember that the temperature in your office—which would be about the best spot in the building—was around 85 to 87?—A. I never mind about the temperature of my office.

Q. Well there was a thermometer on the wall?—A. Yes.

Q. And that again in order to try and cool things off—

The CHAIRMAN: Is that a question?

Mr. WALKER: Yes, it is a question.

The CHAIRMAN: Would you re-phrase it, please?

Mr. WALKER: Thank you.

By Mr. Walker:

Q. In order to cool things off, did you have all the windows open and have huge electric fans wherever you could find a place for them throughout the building?—A. Throughout the building?

Q. Not in your office, throughout the building?—A. Let me see now. I wonder if this is a question that should be answered by me. I understand that to make sure that areas where most people work, get better conditions, areas where clerical employees work are deprived from their normal share of the air conditioning. To make up for the difference they opened windows.

Q. Just one final question and I hope I will be through.

I hope, Mr. Chairman, that I finish within 15 minutes.

The CHAIRMAN: I congratulate you.

By Mr. Walker:

Q. Would you be good enough, Mr. Cloutier, to tell me whether it is your opinion that Mr. Cormier relied on your expression of satisfaction with the temperature and humidity conditions of that building, or whether in fact you left it to him? Which is it? Just say whether you want to tell me.—A. It was never brought to my attention.

Q. It was never brought to your attention?—A. After Mr. Powers left the matter was not discussed with me.

Q. Have you been pilloried and barraged with constant complaints from your employees about the temperature and humidity ever since they moved into that building?—A. Yes, Mr. Chairman, I have had complaints from the staff. I want to say this, and to perhaps correct what I have said before. It relates to what I was supposed to have said to Mr. Cormier in this regard. Before reporting complaints to Public Works I waited long enough to make sure that the complaints made were occasional or incidental to one particular seasonal temperature condition.

I wrote the Department of Public Works after sufficient time had elapsed and that Public Works employees had time to become familiar with these intricate machines.

Q. As far as you are concerned, did Mr. Cormier ever suggest to you that he could correct the situation?—A. Yes, he mentioned that to me on one of his visits. He suggested that by adding additional equipment to the existing installation he could get the system to work satisfactorily.

Q. He never told you the price?—A. He just mentioned that to me. I did not know exactly what he meant.

Mr. WALKER: Thank you Mr. Cloutier. I hope you have a fine trip.

Mr. DRYSDALE: Mr. Chairman, in respect of the matter of air conditioning I wonder if I could ask Mr. Cloutier a question?

By Mr. Drysdale:

Q. First of all, did you read Mr. Powers' report of 1948?—A. Did I read his report? Do you mean the 136-page report of 1948?

Q. Yes.—A. No, I did not read all of it.

Q. Did you read Mr. Cormier's specifications?—A. No, I looked at them.

Q. I wonder if I could just refer this to you for your comment? Mr. Powers had a report which was corrected on June 1, 1948. Under section 44, under the heading "Air conditioning at new printing bureau" he stated, and I quote:

All floors of the new printing bureau are to be air conditioned to provide a humidity of 55 degrees humidity in the press rooms and binderies at 80 degrees.

In this same particular volume there was a pink sheet of paper which stated it was Mr. Cormier's specifications with reference to the air conditioning and ventilation and was numbered 38-1 and headed, "Air conditioning and ventilation". Under "Scope of works" it stated:

This part of the specifications is intended to include all that is necessary to air condition the plant and offices at a constant 80 degree temperature and 55 per cent relative humidity when 75 per cent of air is reactivated and 25 per cent renewed.

I was wondering if anybody noted that there is more or less conflict between the two types of specifications.—A. I am not familiar with what you are referring.

Mr. BELL (*Carleton*): Mr. Chairman, before Mr. Drysdale came in, we agreed that Mr. Walker would take 15 minutes and Mr. Chevrier would take 15 minutes.

Mr. DRYSDALE: I just wanted to raise that question.

Mr. PICKERSGILL: I do not think anybody has any objection to this.

The CHAIRMAN: Mr. Chevrier?

By Mr. Chevrier:

Q. Mr. Cloutier, when the printing bureau and construction first came to your attention, did you look after the matter yourself, or did you appoint a committee?—A. In the beginning?

Q. Yes.—A. There was no committee existing in the bureau at that time.

Q. Did you appoint a committee at any time in the printing bureau to deal with the new building?—A. Not to deal with the new building.

We have in the printing bureau a standing committee of experts to study all kinds of problems that arise in administration, to keep administration alive, and so on. Contract No. 6 was awarded, provided that electrical connections would be brought up only to the service ways and not in the areas where to be installed.

Q. What did the committee do?—A. It was examining the new equipment available and their possible installations.

Q. Did the committee have anything to do with recommendations in connection with the new printing bureau building?—A. Not with recommendations for the building itself.

Q. Did the committee assist you in the consideration of the plans submitted by Mr. Cormier?—A. Not the plans; the committee would not assist me at all. The committee would assist Mr. Cormier or Mr. Powers in getting information.

Q. Was this committee appointed by yourself?—A. It is a standing committee in the printing bureau and it reports to me.

Q. Who are they?—A. I have a standing committee made up of two persons; they are very reliable employees. They are assisted when required by officers or employees familiar or conversant with the problem under study, they report to me in writing.

By Mr. Campbell (Stormont):

Q. What are the names of that committee?—A. Messrs. Rothwell, Carroll and Kiefl. They would look into any particular problem and they worked under the direction of Mr. Query, my assistant at that time. The committee would pick up whoever they felt could help them in a particular section of the department. The committee is composed of Mr. B. E. Rothwell, Mr. J. Carroll, and Mr. A. Kiefl.

By Mr. Chevrier:

Q. When did you see the plans and specifications prepared by Mr. Cormier for the first time?—A. I would have been shown the specifications or recommendations to Public Works at the time the contract was actually awarded, or something like that.

Q. When was it that you made these recommendations for certain changes?—A. These recommendations were made in 1953 and 1954. The first committee was set up in 1953.

Q. Why were these changes made in the specifications or plans, and please give us the reasons?—A. They were not made in the plans.

Q. Did it have anything to do with the building itself, because of the changes you say you made?—A. Not the building itself but with the electrical arrangements already made for rotary presses.

The presses we were operating at that time would not produce us more than 1,250 impressions per hour. That was the case in 1952 when the contract was placed. The consulting engineer recommended rotary presses.

Later the project was abandoned when presses of the type used to print *Hansard* became available with an increased speed from 2,800 to 3,000.

Q. Did you install the rotary presses?—A. No.

Q. You recommended against their installation?—A. At the time the consulting engineer reported on this matter, it seemed that only rotary presses would insure that the printing of *Hansard* could be completed each day in time to meet afternoon trains departure.

Q. What effect did they have on the building?—A. Not on the building, but on a certain section of the building. It affected the arrangements that had been made to bring power to these presses.

Q. Did it effect in increase or a decrease in the cost of the building?—A. It did not have anything to do with the structure of the building itself.

Q. Were there any benefits to be derived by the non-installation of these presses?—A. To instal two offset presses—I do not know what the price was at the time; but to instal those presses today—would cost something like \$200,000.

The operating cost of these presses, would be in the neighborhood of \$40 to \$50 an hour.

Q. How fast are you producing *Hansard* now?—A. With the new presses we now operate, the printing of *Hansard* is completed at about ten or twelve in the morning.

Hansard has gone up 2,000 more. At the time this problem was studied, its circulation was 10,000, it is 12,000.

By Mr. Pickersgill:

Q. I wonder if I might ask one question, Mr. Chevrier?

The CHAIRMAN: Make it short.

By Mr. Pickersgill:

Q. I shall try to make it exact. Am I correct, Mr. Cloutier, in understanding that you recommended the change in the power, for the power installation in the building?—A. No sir, not directly.

Q. Am I correct in understanding that you recommended certain changes in the building structure, or additions to it, in order to save a very considerable expenditure in machinery?—A. From my recommendation there resulted expenditures which would not have been done had we kept the presses.

By the Chairman:

Q. You made a saving?—A. That is right.

Mr. PICKERSGILL: That was the point I was trying to bring out.

By Mr. Chevrier:

Q. Did the recommendations which you made—other than those concerning—other than those against the rotary presses—have anything to do with the cost?—A. Yes.

Q. What were they?—A. I read about the “extras” in the papers. I refer to the \$34,000 item. It is an extra to the contract but not an extra to the building.

Let me explain. As I told you before: when the contract was signed, it provided that the electricity for power in certain areas would be made available at service bases of which there are three; on each floor.

This \$34,000 relates to the area occupied by the offices and clerical staff. At that time it would have been premature to lay out partitions for the staff because we did not know how long it would take to complete the building, two years, three years, nobody knew. On the other hand, if we look at the records, when I was appointed to the bureau, the staff was about 600; it is now 1,500. The department waited until the contractor was ready to proceed with the completion of the floor before releasing final locations of offices, etc.

Q. What about the other extras; have you any explanation?—A. I wish to refer to the so-called "security" fencing and outdoor lighting. There is no such thing as "security" work in the Department. There are areas in the plant where confidential or work of a special nature which has to be produced under certain conditions, is being produced. The section is under the direct control of a committee of the privy council. I have nothing to do with the arrangements which have to be provided for that type of work; it is under their exclusive control.

Q. You are speaking about the fencing around the building?—A. That is one thing which is required as a security measure.

By Mr. Pickersgill:

Q. I wonder if I could ask a question at this point. Is it not true, at the time the contract was let in 1952, that no decision had been taken by the government that security printing would be done in the printing bureau?—A. We had, at that time, as you most likely will remember because you were my minister at the time—

Q. That was a year later.

Mr. WALKER: Was he a good minister, Mr. Cloutier?

Mr. CRESTOHL: Answer that.

The WITNESS: In the eighteen years I was with the government as Queen's Printer I had eleven ministers and I found them all extremely pleasant to deal with. I was never given any wrong advice; I might have given some.

By Mr. Chevrier:

Q. Is there anything further you would like to say about the additional extras?—A. When the building was at the point where the fill, in which those electrical ducts were put in we were notified by the architect. The expenditure involved could have been covered in the initial contract, had the required information been available at that time.

By the Chairman:

Q. You testified that in the printing trade conditions are changing all the time?—A. Sir, printing is art in motion. The one who can follow it in its constant changes and do a good job of it at all times is a mental monster.

By Mr. Walker:

Q. What kind of a monster?—A. Mental.

Q. You are not describing yourself?—A. No. I am not that competent.

Mr. PRATT: Would Mr. Cloutier tell us what temperatures and humidity are necessary?

The CHAIRMAN: Would you mind, Mr. Pratt, waiting until we finish this, and then we will turn it over to the meeting.

By Mr. Chevrier:

Q. May I leave this now and go over to the old printing bureau. Were the activities there all under one roof?—A. No.

Q. How many divisions were there?—A. We were acquiring anything we could put our hands on in the way of space.

Q. How many offices did you have in the printing bureau over and above the building at Major's Hill park?—A. In one of my reports of about six or seven years ago you will find the list of the buildings which we were occupying; it was about 23 or 24.

Q. Are they all centralized now in the printing bureau in Hull?—A. The complete operation of the office is centralized. There are units outside, but that is another matter.

Q. Does this make for greater efficiency?—A. It does indeed.

Q. Does it make for a reduction in the cost of printing?—A. Yes.

Q. Does it have any advantages for the employees?—A. If you ask about the conditions in which we were working in the old place—

Q. I have heard of them. Does it have any advantages for the employees to be centralized as you are now?—A. Well, yes, sir; if you operate in 20 buildings. I figured that each day we had thirty or thirty-five men going from one place to another.

Q. I have very limited time and I wish you would help me by just answering the questions as quickly as you can. There is, I understand, a great deal of space in the new building at the printing bureau in Hull. Can you give me the reason for that?—A. You may walk in the bureau one day and find empty space, the next day the same area would be filled with paper. All depends on the volume of the job an establishment is called to handle.

Q. Would you explain why this additional space was necessary? Does it have anything to do with expansion for the future?—A. In the area of the printing bureau where we actually do printing as such, there is little space which is not actually needed all the time.

Mr. BOURGET: Actually?

The WITNESS: Actually, I will refer first to the top floor; in the composing room itself there is space provided for about three more linotypes only.

By Mr. Chevrier:

Q. On the third floor?—A. Yes. The next room is the letter-press room.

Q. On the same floor?—Yes. In that room, I have space available for four more letter-press presses only.

Mr. CAMPBELL (Stormont): Has the fifteen minutes not expired?

The CHAIRMAN: In searching for the truth we have to give plenty of leeway.

The WITNESS: The next room is filled. In the other one, the offset press room, we have room for six more presses. Since 1950, the production in the bureau has gone up 33 per cent. Room for further expansion of printing activities may be made available by removing from the building auxiliary services that may be located elsewhere.

For example, there is in the printing bureau an area of about 50,000 square feet reserved for government publications. There is no real need that these publications should be stocked and sold from there. It is only more convenient.

By Mr. Chevrier:

Q. Did you provide for future expansion of the printing bureau in the building?—A. I would put it this way—

Q. Put it in your own way.—A. That is what I am trying to do. At the present time the whole area of the printing bureau is occupied partly by printing and partly by related services; those services could be located elsewhere,

and the space used up for printing operations. So that if at any time in, say, five, ten, fifteen, twenty years—fifty years more space is needed for printing it may be made available. Stationery occupies something like 45,000 square feet—maybe more, perhaps 60,000.

By Mr. Campbell (Stormont):

Q. Is the superfluous space in the corridors used for storage space or expansion purposes?—A. Have you visited the plant?

Q. Yes, and I noticed very wide corridors.—A. That is a matter for the architect to justify.

By Mr. Chevrier:

Q. I would like an answer to my question.—A. On the third floor which covers 175,000 square feet there is only one corridor and that corridor does not extend the whole length of the building. It is about 300 feet by 9 feet. That corridor separates printing operations from the administration area connected with it.

Q. May I ask you one last question? Are there any outside activities of the printing bureau in Hull?—A. In Hull?

Q. Outside activities, outside units in Canada?—A. In Canada, yes indeed.

Q. What are they?—A. There are about 30 or 32 printing units and sub-units outside of the printing bureau.

Q. If I may right there—

Mr. CAMPBELL (Stormont): Might I ask a question?

The CHAIRMAN: Wait until Mr. Chevrier is through.

Mr. CAMPBELL (Stormont): I thought Mr. Chevrier said he was through.

By the Chairman:

Q. Regarding your last reply, why would this be of help?—A. Well, to take care of departmental needs where required instead of having the work done in Hull and shipped to outside points.

By Mr. Chevrier:

Q. How do the costs of printing, since you are in the Hull building, compare with the costs of printing in the old former years?—A. I do not think anybody can answer that question, except by generalities on the cost of labour and printing materials. I may say however that last year the outside printing units of the department have turned out last year 402 million impressions size $8\frac{1}{2}$ " up to 14" for a total amount of money of \$2,058,000 or something like that. This cost includes printing and binding, and all the incidental operations connected therewith.

Mr. WALKER: Revenons à nos moutons.

The WITNESS: Yes.

The CHAIRMAN: Mr. Chevrier?

Mr. CHEVRIER: No thank you, that is all.

The CHAIRMAN: Gentlemen, with your permission I am going to ask a few questions on behalf of Mr. Winch.

Mr. CAMPBELL (Stormont): What about the rest of us here?

The CHAIRMAN: This will not take long and Mr. Winch has been a member of the steering committee from the beginning, and he has asked very few questions.

Mr. CAMPBELL (*Stormont*): Mr. Chairman, I have not asked too many questions.

The CHAIRMAN: You will have your opportunity.

By the Chairman:

Q. Question number 1 asked on behalf of Mr. Winch—and I think you have already given some of the evidence—

When Mr. Powers was appointed as the preliminary consultant on the building of a new printing bureau, did you meet with him and outline any thoughts as to the form of construction?

A. Before Mr. Powers had become a consultant for the government I had conversations with him concerning printing.

By the Chairman:

Q. Question number 2:

When Mr. Cormier of Montreal was appointed as the consulting architect, did you meet with him relative to the printing bureau layout?

You did that from time to time?—A. Yes.

Q. Question number 3:

When Mr. Cormier submitted his preliminary plans and specifications were they referred to you as Queen's printer, and did you study same, and did you put your name and O.K. on the documents submitted to you?

A. I did exactly the same thing as I do when I require something for the department. My signature was equivalent to a requisition for a building an expert of the government had approved.

Q. Question number 11:

As Queen's printer, are you acquainted with the administrative and operational investigation made of the printing bureau over a period of years from 1918 to 1921?

A. Yes, I read them all.

Q. Question 12:

If so, why is it your contention that eventually you anticipate the stationery department being removed to another location when the report of the aforementioned commission of inquiry so strongly recommended that every department be brought under one roof?

A. I think I will answer that question by saying that—as more space is needed for printing—auxiliary services may be moved somewhere else.

Q. Question number 14, and I think you have already answered this, but for the record would you repeat it:

How do you explain your position, as reported in the press, that the air conditioning plan was based on temperature and humidity according to paper handling requirements when in many departments, such as proofreading, linotype and monotype there is no paper and the employees work in temperatures as high as 94 degrees?

I think you have partially answered that.—A. I know very little of air conditioning and not having the control of the operation of the unit of the Bureau I feel no necessity of knowing more.

The CHAIRMAN: Question No. 15—

By Mr. Walker:

Q. Mr. Winch was right in his statement.—A. I have not checked, but I take his word, of course.

The CHAIRMAN: The fifteenth question—and this is only part of the question, as the first part is a matter of opinion and should not be asked. The second part is:

What grievance procedure do you have in the bureau and what protection is given to those who may wish to air their grievance without fear of discrimination?

The WITNESS: If you do not mind, I will read this because it refers to the Civil Service Commission.

The CHAIRMAN: Could you summarize it?

The WITNESS: Yes. In summary, we go by the regulations of the Civil Service Commission. In the case of a promotion a board is set up of people acquainted with this work performed by the employee concerned. An officer of the Civil Service Commission is present at the sittings of the board. He is there as an observer. The board recommendation, is sent to the Civil Service Commission which make whatever inquiry they wish to do. They approve or disapprove of the recommendation.

Mr. F. EVERETT (*Plant Engineer, Engineering Branch, Department of Public Printing and Stationery*): You are right.

The WITNESS: For a grievance, similar arrangements are made. In this connection I think I should read a letter dated August 9th, and addressed to the honourable minister in charge of my department in connection with grievances. It is from the Council of Printing Trades union of the printing bureau, signed by five people, including—

Mr. McGEE: On a point of order, Mr. Chairman, is not this the business of the industrial relations committee or some other committee? Are we not concerned with the structure of the building?

The CHAIRMAN: It is a matter of the procedure adopted by the employees to make complaints.

The WITNESS: The answer is yes.

The CHAIRMAN: Now, Mr. Pratt was first on the list to ask a question, and then Mr. McGregor.

By Mr. Pratt:

Q. I would like to ask Mr. Cloutier what conditions of temperature and humidity he considers necessary, first for the comfort of his staff, and secondly, for the efficient operation of the technical processes of his plant?—A. All these matters are determined by standards in the printing industry. They are standards set by the industry. Now, I am not qualified to disagree with Mr. Powers' views in this regard. As to what is required for human beings, it varies with individuals. Personally I like very much a temperature of 68° in my office because it keeps visitors away from me. I am satisfied with humidity at 45°.

Q. May I ask Mr. Cloutier what he meant by 68 degrees, because it keeps people away from him?—A. Because a lot of people like to be in temperatures of 80 or 75 and if you walk into an office where the temperature is 68, you do not stay long.

Q. Were these people Liberals or Conservatives?

The CHAIRMAN: Mr. McGregor is next.

By Mr. McGregor:

Q. You made a statement before the new building was open that you had some twenty odd different buildings around Ottawa?—A. Yes, all over the place.

Q. Could you tell me how many you have at the present time?—A. Now, we have in Ottawa, I think, five, six or seven units. These are units. I should explain that in the last ten years a certain centralization of duplicating operations has been developed so that instead of having department or branch of a Department operate duplicating or printing machines, printing requirements of a certain nature may be obtained from those centres.

Q. You misunderstood; all I asked was how many buildings do you occupy now in the city of Ottawa?—A. No buildings as such; we have space in buildings.

Q. How many buildings do you have space in?

By The Chairman:

Q. How many units?—A. We must have areas in eight or ten.

Q. Buildings?—A. I would not say buildings; departments rather than buildings.

By Mr. Chevrier:

Q. Now, you distinguish between units such as you have across Canada and such as you are referring to now and buildings which you had prior to the establishment of the printing bureau?—A. Oh yes. That is a very pertinent question. The areas we were occupying in buildings in Ottawa were mostly for storage.

Q. Have they been closed?—A. They are all closed, yes.

The CHAIRMAN: Just take your time.

By Mr. Campbell (Stormont):

Q. Mr. Cloutier, would it not contribute tremendously to the success of your operation if you were to draw up a duty roster for lavatories on the second floor? In view of the fact there was a report in last night's Journal to the effect that on the top floor there are only two lavatories for 140 employees and they are forbidden to go elsewhere, do you not think it would contribute to the success of the operations to have this duty roster?

The CHAIRMAN: Will you let him answer?

Mr. CAMPBELL (Stormont): Yes.

The WITNESS: This is a matter that has been decided by the architect. I was not in the picture. The number of lavatories and the facilities which exist there are according to the standards set up by the—

Mr. CAMPBELL (Stormont): Does the architect—

The CHAIRMAN: Just a minute, please.

Mr. CRESTOHL: Let him finish his answer.

The WITNESS: That is what you referred to on these plans?

By Mr. Campbell (Stormont):

Q. Does the architect forbid the people to use the other lavatories?—A. Standards are set after studies have been made and data collected.

There is ample provision for cloakrooms and lavatories and so on in certain areas.

Q. Supposing there is a biological necessity for an employee to attend?

Some Hon. MEMBERS: Oh, oh.

The WITNESS: Employees are provided with facilities set according to standards.

By Mr. Campbell (Stormont):

Q. In regard to the top floor, may I ask how many lavatories there are?

The CHAIRMAN: Mr. Campbell, he has answered that. I think we are wasting time, frankly.

By Mr. McGee:

Q. You recall when we visited your plant that at the conclusion of that meeting I made certain remarks to the effect that we were appreciative of your attendance. Do you recall at any time my saying words to the effect that "This guy has had enough. Let us leave him alone."?—A. You said that?

Q. Yes.—A. I never heard that.

Q. So the statement attributed to Mr. Chevrier on page 152 to that effect is incorrect?

Mr. CHEVRIER: On a point of order. I did not make that statement. I said the statement was reported in the press. Nor did I say who had made it. There is no question but that the statement was reported in the press as having been said by someone that "This guy has had enough. Let us leave him alone", or words to that effect.

I did not attribute the words to you or anybody else. Mr. Campbell rose on a point of order and brought that to my attention and to the attention of members of this committee, and I accepted that correction.

By Mr. McGee:

Q. To the best of your knowledge I did not make that statement?—A. I never heard it.

I want to say this sir, if you will permit me, Mr. Chairman; I do not care if I am called a "poor guy". A fellow who is in the printing bureau is a "poor guy". The fellow who runs the printing bureau is a "poor guy".

Mr. CHEVRIER: That ought to end it.

The WITNESS: I am humble enough to take it.

By Mr. McGee:

Q. Mr. Powers' report referred to various operation floors in the building, did it not?—A. Yes.

Q. In the report the allocation of machinery in the printing bureau on various floors was different to what actually has happened as the building has developed?—A. That is true.

Q. What part did you play in that change?—A. I did not play a direct part in that at all. It was developed as we got along. You should see the first plans we drew. I am ashamed of it now. The plans were developed gradually through the years until it came to what we have.

Q. In other words that change took place over a number of years?—A. Yes.

Q. I put this question to you in the course of our conversation during our visit. I suggested to you that modern printing plants and other plants operated on one floor, and I asked you whether in your opinion that would be better. —A. I am very glad you have brought that question up. We made a very thorough study of this. The first idea was to have the roof supported with cantilever steel so as to give us immense areas without columns.

This was changed after and we have concrete columns. There are 49 feet between columns on the 3rd floor and 24 on the others. With more space between the columns equipment may be laid out with less lost space. That is one of the reasons why our press rooms were located on the top floor.

Q. I do not want to take up too much time, but the decision to have a building with three floors, rather than with one single floor was not yours?—A. We agreed that the one floor arrangement was not desirable. At the time, in 1947, I was in correspondence with Paul E. Gallagher, who is the state printer of California. They were planning a State Printing Plant. I just want to quote that much of his letter. He was writing to the state division of architecture, public works building, Sacramento, California.

We are of the opinion that a multiple-story building offers the most efficient manner of handling our manufacturing problems rather than a one-level operation.

I agree with that.

By Mr. Campbell (Stormont):

Q. A supplementary question. It was your idea then, was it, sir, to have the heavy machinery located on the top floor rather than on the bottom floor?—A. The bottom floor, sir, is filled at the present time with 1,500 tons of paper. I must have about 3,000 tons of material there if stationery and other stock are included.

Q. The heavy printing presses are on the top floor rather than on the bottom floor?—A. That does not matter. We have heavy machinery all over the place. In the bindery department there is plenty of heavy machinery.

By the Chairman:

Q. I think you explained the other day that you wanted a flow of production?—A. That is right.

Q. That is why the machines are placed where they are?

By Mr. Walker:

Q. Mr. Cloutier, in connection with your answer, you said, as the Queen's printer you were a "poor guy" but you will admit that you are located in extremely regal surroundings, not much different to ancient Rome, are you not?—A. I am very pleased that the one who succeeds me will be in good surroundings.

Mr. WALKER: He will benefit.

Mr. SMITH (Simcoe North): Mr. Morris has a question.

By Mr. Morris:

Q. For the record, would you kindly tell us what the payment is out of the public funds to the Queen's printer. What is the salary paid to you out of the public funds, as Queen's printer?—A. You want it at this moment?

Q. Yes.—A. \$18,000 for the last three or four months.

Q. And you are now on retirement leave?—A. No, I am not on retirement leave. My term runs until November 25 of this year.

Q. You will be back in the printing bureau before you do retire?—A. Oh yes, indeed.

The CHAIRMAN: He is spending his summer holidays on the "Hill".

Mr. DRYSDALE: So are a lot of us!

By Mr. Morris:

Q. The matter which concerns me has to do with a letter which you are alleged to have written to Mr. Cormier on August 8.—A. Yes.

Q. Will you please tell us the circumstances under which you wrote that letter?—A. I am very pleased to answer this question.

Mr. Cormier visited me. We had a meeting about a year ago. We discussed the printing bureau. He asked me if I was pleased with the lay-out.

I was interested in the lay-out. It goes back to the very beginning.

He said: "I would like very much to have your comment on my file". He was finalizing his files, and he said: "I would like to have a word from you".

Q. Mr. Cormier asked you?—A. Yes, and then he called me later, and he said: "I have not got your letter".

I said I would write to him. But I was busy and I neglected it.

Q. Is it just a coincidence that you should have written this letter on August 8, and it just happened to be the day when General Young testified that there was a delay.—A. I do not know what General Young testified that day because I did not get the record.

Q. Did you consent to the publication of that letter, and did Mr. Cormier say that he was going to release it?—A. Yes; I had no objection.

By Mr. Bourget:

Q. It was not confidential?—A. No.

By Mr. Morris:

Q. You did consent at his request to write that letter?—A. No. He did not ask me to publish it.

By the Chairman:

Q. But you had no objection?—A. No.

By Mr. Morris:

Q. You had no objection. Consequently he released it. You did not?—A. He did.

Q. But you did not?—A. No, I did not.

Q. You told us that your job deserved \$18,000.—A. I would not say that. It is worth more than that.

Mr. PICKERSGILL: That decision was made by the present government.

By Mr. Morris:

Q. Mr. Chevrier, Mr. Walker, I and all the rest of us get \$10,000, yet you say your job is worth \$18,000.

As a senior public servant, do you think that when a matter is under parliamentary committee inquiry, it is discreet or helpful for you, as a public servant, to write a letter concerning something which is the subject of a parliamentary committee inquiry? Please answer yes or no. Do you think that was proper?—A. If it was meant for that purpose, it was wrong.

By Mr. Chevrier:

Q. Was it meant for that purpose?—A. It was not meant for that purpose.

By Mr. Bell (Carleton):

Q. What was the purpose of it then?—A. To satisfy the desire or the wish expressed.

Q. But on that day you were aware that this parliamentary committee was investigating the printing bureau?—A. Yes.

Q. And despite that fact, you wrote that letter commenting on a matter which was before a parliamentary committee. What is the answer?

Despite the fact that you knew that on that day this matter was under investigation by a parliamentary committee, you, at the request of Mr. Cormier, wrote a letter commenting on the printing bureau lay-out.—A. I made a comment. I referred to a comment which I made to him. It was not a new comment. It was a report on a comment.

Q. You wrote the letter and you published it.—A. I did not publish it.

Q. Don't you think that was contempt of parliament?

By Mr. Chevrier:

Q. Is this the letter which you referred to a while ago, that you were going to write some time before?—A. Oh yes, that is it.

Q. Even before this committee started its sittings.—A. Oh yes.

By Mr. Campbell (Stormont):

Q. You sent it at the request of Mr. Cormier. Is that right?—A. Not at that date.

Q. You sent it at the request of Mr. Cormier.

Mr. BELL (Carleton): On what date did Mr. Cormier phone you?

The CHAIRMAN: That is not a proper question. Ask him about a certain date.

By Mr. Campbell (Stormont):

Q. Did you send a letter on the date stated on the letter at the request of Mr. Cormier?—A. Yes.

Q. Did Mr. Cormier request it again?—A. No.

By Mr. Bell (Carleton):

Q. You stated that Mr. Cormier phoned you.—A. Yes.

Q. On what date did he phone you?—A. I will have it on record.

Q. Was it on August 7?—A. No, not for the last four or five months. I have a record in his file telling him that I will send him that letter.

By Mr. Campbell (Stormont):

Q. Why did you not postpone sending it, in view of this parliamentary committee inquiry?

The CHAIRMAN: I think you have your answer. Let us not beat about the bush.

By Mr. Crestohl:

Q. By a comparison of your former operation, would you tell the committee to what extent you find improvement in your present operation both from the speed of production, efficiency and cost?—A. If I may answer you in a global way, if you take the reports of the printing bureau for the last five years, you will find that every year we kept the line in the cost. We kept the cost at about \$5,600,000, although we increased our facilities by a very considerable margin, and the fact that the increase in press run production, or impressions in the main plant, not counting what is done outside in the units went up by 33 per cent.

The CHAIRMAN: Gentlemen, we have five minutes and I am going to ask Mr. Cloutier if he wishes to speak in French as a matter of courtesy.

Mr. VALADE: I wish to ask a few questions and I will ask them in French.

Texte

Q. J'aimerais vous demander quelques questions en français. Vous avez mentionné, au début, est-ce que vous me comprenez monsieur Cloutier?—R. Un peu.

Q. Vous avez mentionné, au début de cet interrogatoire, que vous n'aviez pas mentionné le nom d'un "contracteur" pour l'air climatisé; le nom de ce "contracteur"; est-ce que vous avez son nom?—R. Je regrette. Je n'ai mentionné que le nom d'un ingénieur consultant en imprimerie pour l'étude de l'ensemble du projet.

Q. Est-ce que vous avez discuté de l'air climatisé?—R. En détail, jamais.

Q. Avec cet ingénieur?—R. J'ai simplement requis que l'air climatisé soit installé dans l'immeuble, c'est tout.

Q. Est-ce que vous aviez des raisons particulières pour demander à cet ingénieur des renseignements sur la climatisation de la bâtisse?—R. Je n'ai jamais demandé de renseignements sur la climatisation de la bâtisse à cet ingénieur-là.

Q. Est-ce que vous avez mentionné le nom; le monsieur que vous avez mentionné au début de votre questionnaire?—R. M. Powers.

Q. Avez-vous parlé avec M. Powers?—R. Oui, j'ai parlé avec M. Powers; M. Powers a été nommé par le cabinet pour étudier le problème, et j'ai assigné à M. Powers un certain nombre d'employés en particulier pour étudier le volume et la nature du travail à l'Imprimerie, le travail prévu pour les prochaines années.

M. Walker:

Q. M. Murphy aussi?—R. Non.

Q. M. Fournier?—R. Non.

*Translation**Mr. Valade:*

Q. I would like to ask you a few questions in French. You mentioned at the beginning—can you understand me Mr. Cloutier?—A. To some extent.

Q. You mentioned at the beginning of this hearing, that you had not mentioned the name of a contractor for air conditioning; do you have the name of this contractor?—A. I am very sorry. I only mentioned the name of a consulting engineer for printing who studied the project as a whole.

Q. Did you discuss air conditioning?—A. Never in detail.

Q. With that engineer?—A. The only thing I asked for was that air conditioning should be installed in the building, that is all.

Q. Had you any particular reasons for asking that engineer for information regarding air conditioning the building?—A. I never asked that engineer for information regarding air conditioning in the building.

Q. Did you mention his name, the name of the man you mentioned at the beginning of the hearing?—A. Mr. Powers.

Q. Did you speak to Mr. Powers?—A. Yes, I spoke to Mr. Powers. Mr. Powers was appointed by the Cabinet to study the problem and I assigned a certain number of employees to Mr. Powers particularly to study the amount of work and the type of work for the years to come.

M. Walker:

Q. And Mr. Murphy too?—A. No.

Q. Mr. Fournier?—A. No.

The CHAIRMAN: Mr. Cathers.

By Mr. Cathers:

Q. Mr. Cloutier, what was Mr. Power's recommendation regarding the number of floors in this building?—A. We agreed to the principle of more than one floor.

Q. What was his recommendation as to the number of floors in this building?—A. I know that at a certain time he was planning three floors; at a certain time. That was in the beginning when he was studying the problem. Now, when Mr. Cormier was appointed as the architect, he submitted his recommendation to the architect—

Q. Mr. Cloutier, would you answer the question. I am asking, what was Mr. Powers' recommendation; was it one floor?—A. No. He never did.

Q. A building of one floor?—A. No; not to my knowledge.

*Texte**M. Valade:*

Q. M. Cloutier, je vous demanderais si, à un moment, vous avez discuté, dès le début, de la climatisation de la bâtisse avec M. Powers ou avec d'autres ingénieurs?—R. J'ai demandé qu'il y ait la climatisation; c'est tout. C'est seulement ce que j'ai demandé.

Q. Vous n'avez pas mentionné le nom de qui que ce soit?—R. Ah! non, jamais. Écoutez, je ne veux pas faire mentir le "record", lorsqu'une construction nouvelle comme celle-là se prépare, tous les agents qui sont intéressés à ceci ou à cela vont s'enquérir pour savoir si leur nom peut être mentionné, etc; si cela c'est présenté, j'ai dû naturellement réperer la requête au Département des Travaux publics, parce que je n'avais aucune espèce d'intérêt direct avec cet aspect du problème.

Monsieur le PRÉSIDENT: Alors, monsieur Cloutier, je vous remercie au nom de notre comité. La prochaine assemblée sera tenue lundi matin à 9.30.

*Translation**By Mr. Valade:*

Q. Mr. Cloutier, I would ask you if at any time since the beginning you discussed the air conditioning of the building with Mr. Powers or with other engineers?—A. I asked that air conditioning be installed; that is all. That is all I asked.

Q. You did not mention a single name?—A. Oh no! Never. Listen, I don't want to falsify the record; when a new building like that is being planned, all the representatives who are interested in one thing or another go and enquire whether their name could be mentioned and so on. If that happened I naturally passed the matter on to Public Works Department because that aspect of the problem was not of the slightest interest to me.

The CHAIRMAN: Mr. Cloutier, I wish to thank you on behalf of our Committee. Our next meeting will take place on Monday morning at 9.30.

Mr. DRYSDALE: Mr. Chairman, will we have an opportunity to ask any more questions of Mr. Cloutier? Could we sit on Saturday morning?

The CHAIRMAN: No; your steering committee has ruled against that.

Mr. DRYSDALE: Will we have the opportunity to ask any more questions or is it cut off now?

The CHAIRMAN: If you have a question you should ask it now.

Mr. DRYSDALE: I have two or three questions.

The CHAIRMAN: Are they short?

Mr. PICKERSGILL: Could we sit a few minutes more and let Mr. Drysdale ask his question?

By Mr. Drysdale:

Q. I think you mentioned that you had discussions. Since this committee started sitting have you had any discussions with Mr. Cormier?—A. Yes.

Q. On what occasions?—A. The last two days.

Q. Within the last two days?—A. Yes.

Q. You have been discussing the matters which are being discussed here?—A. I was only interested in one thing; the implications of the changes as suggested, because I am not an engineer. I suggested, for example, that we abandon the idea of equipping the Bureau with offset rotary presses. I wanted to know the implications of this action on the arrangement that had been already made to supply these presses with the power required. I wanted to know the meaning of the charge of \$34,000 or so for raceways, etc.

By Mr. Walker:

Q. Does \$16 million mean anything to you?—A. In my pocket, perhaps.

Mr. CAMPBELL (Stormont): What is a million, Mr. Cloutier?

The CHAIRMAN: When he speaks of figures he is referring to the engineering implications of it.

The WITNESS: Yes.

By Mr. Drysdale:

Q. Where were the discussions held?—A. At his office.

Q. In Montreal?—A. Yes.

Q. You visited him?—A. Yes.

Q. On what day?—A. Wednesday.

Q. Who did you go with?—A. With my engineer, Mr. Everett.

Q. How long did you spend there?—A. A couple of hours.

Q. And you discussed these matters?—A. Yes; where it would lead to.

Q. Have you had any communication with Mr. Powers during the time of this discussion?—A. No; I never talked to him since he left.

Q. With regard to the matter of fire protection, Mr. Cloutier, this was discussed, I believe, by General Young who said, when he was referring to the project in 1948, that nothing was done until 1955. Mr. Powers in his recommendation number 26 had reference to fire protection and said:

Fire inspection of the building and the maintenance of the extinguishers is performed by the R.C.M.P. and they will be consulted on this particular item.

Do you know whether they were consulted?—A. Not at all.

Q. There were no consultations with the Royal Canadian Mounted Police?—A. I do not know.

Q. For clarification of perhaps my own thinking—it may be clear to the rest of the committee—it was alleged in 1946 that there was some \$2 million devoted towards construction of a building. Was there any idea of the type of building or project at that time?—A. In 1946?

Q. Yes, you know nothing about it?—A. I do not know.

Q. In 1948 there was an order in council for some \$6 million. Do you know what type of building was considered at that time?—A. I would not know.

The CHAIRMAN: The answer is no.

By Mr. Drysdale:

Q. As the Queen's printer when were you first consulted, or when did you have any idea a new building was going to be constructed?—A. I initiated the discussions about the project during the war. I forced the way to have

some decent place for the employees or the departments who had to work in basements and unheated garages during the war, to have printing, the art the most useful to a nation, properly housed.

Q. Mr. Powers, when he was retained as an engineer consultant, was he retained as to the type of building or merely as to the location of the machinery in this building?—A. I have not seen the order in council passed and that is a matter which took place between the public works department, the treasury and cabinet. Judging from the work he did while in the employ of the public works department, his assignment was to gather information and submit it.

Q. This was the first time to your knowledge that any plan of the building was established?—A. As far as I can remember there were so many plans that I cannot remember the exact dates.

Q. What were the first plans you remember?—A. I would hate to have the record lie but the only plans that I really considered were the final ones. Even after that, there was something that could not be finalized because printing is not static, it is a living art, an art in motion.

Q. I just want to finish this line of questions. I am probably confusing you with my English, but when did you first have an idea as to what type of building there was going to be, as opposed to a two-storey building—that is, there was a two-storey building considered at one time?—A. All along there was no question of the building not being a multiple storey building.

Q. When was that considered?—A. Right from the start. It would be impossible, it would be a monstrous affair to have this operation spread out. It would not be workable. You would have to have alleyways between the sections. It is horrible to think of it.

Q. Did Mr. Cormier recommend a multiple floor building?—A. Yes, he did.

Q. Did Mr. Powers recommend a multiple floor building?—A. Yes, he never mentioned anything else.

Q. Did you recommend a multiple building?—A. I would not think of anything else.

The CHAIRMAN: That came out this morning.

Mr. BELL (Carleton): One thing in fairness to Mr. Cloutier, a question I put to him was, I think, left unanswered. I think he should have an opportunity to comment. I asked him whether he did not think that his action in writing a letter on August 8, the date this committee opened, this investigation, was a contempt of parliament. I would like to have him comment; it is only fair.

Mr. PICKERSGILL: I think that is a highly improper question. Mr. Cloutier is being asked to express an opinion about law. Mr. Cloutier is not a lawyer and I do not think he should be asked to answer any such question.

By Mr. Bourque:

Q. Mr. Cloutier, you state here that the total cost of printing there is \$5,759,379. That is the net cost, is that right?—A. That is the net cost.

Q. Now, if you were a private company operator is your salary paid out of the treasury or is it charged to the operation?—A. Charged to the job, of course, to the operation of the plant.

Q. So much for administration?—A. That would enter into the cost of each job.

Q. Now, do you pay taxes—municipal, provincial and federal?—A. Not directly.

Q. You do not have any such expense to pay?—A. No.

Q. So if you were to be a private plant, \$5 million, that is the absolute net cost, you have not anything for overhead, depreciation, taxes or anything like that?—A. No.

Q. Then, if you were to be a private plant that net cost would have to be 150 per cent over that in order to provide for the depreciation and all the things that have to be considered?—A. I am sorry, sir—

Mr. CAMPBELL (*Stormont*): This net cost also does not provide for the interest on the building.

By Mr. Bourque:

Q. The government provides you with the building?—A. Yes.

Q. You do not pay any taxes?—A. No.

Q. Therefore, you have practically no expenses, you just pay the salaries out of that. So in order to be able to show the printing you have done they would have to be increased by about 150 per cent—

Mr. WALKER: Just a moment, I have great respect for my friend, but you cannot give him an answer like that. You are giving him the answer, do you not see?

Mr. BOURQUE: I am an experienced man in this business so I am stating what is the usual practice.

By Mr. Bourque:

Q. The printing you would have done then would have amounted to \$14,398,000 on the open market?—A. I do not know if I should agree or disagree with that. The amount that should be added to our cost to have a real cost compared with industry is a matter that will lead you to a considerable amount of searching before you get to that point.

In practice, the way we operate—and we have the experience of years—in handling work inside and outside, and the work sent out is placed with the lowest tender which is not always the right one in terms of cost, a good guess is that on the average the difference in charges for inside and outside work should be about between 40 per cent to 50 per cent. I have here the bill concerning the point raised in the house the other day in connection with the post office work.

Mr. WALKER: Could we leave the post office until he returns from Europe?

The WITNESS: Thank you very much, sir.

The CHAIRMAN: We will now dismiss Mr. Cloutier, is it agreed?
Agreed.

The CHAIRMAN: We will adjourn.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

INCLUDING

French text of questions and answers followed by English
translation.

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

MONDAY, AUGUST 25, 1958

WITNESS:

Mr. Ernest Cormier, Architect, Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserdien
Bissonnette	Hales	Nugent
Bourget	Hanbridge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Simcoe North</i>)
Carter	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Cathers	MacRae	Spencer
Chevrier	Martel	Stewart
Coates	McGee	Valade
Crestohl	McGregor	Villeneuve
Dorion	McMillan	Walker
Drouin	Morissette	Winch
Doucett	Morris	Wratten
Drysdale	Morton	Yacula

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

MONDAY, August 25, 1958.
(13)

The Standing Committee on Public Accounts met this day at 9:30 o'clock. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (Carleton), Benidickson, Bissonnette, Bourget, Campeau, Carter, Chevrier, Coates, Dorion, Doucett, Drysdale, Hales, Hanbidge, Macdonald (Kings), Macnaughton, MacRae, McGee, McGregor, Morissette, Morton, Nasserden, Nugent, Pickersgill, Pratt, Smith (Simcoe North), Smith (Winnipeg North), Spencer, Villeneuve, Walker and Winch.—(31)

In attendance: From Montreal: Mr. Ernest Cormier, Architect. From the Department of Public Works: Major General H. A. Young, Deputy Minister; and Mr. J. O. Kemp, Contracts Division, Building Construction Branch.

The Committee resumed its study of the construction of the Printing Bureau in Hull.

Before proceeding, Mr. Bell, the Vice-Chairman, referred to the Auditor General's Report to Parliament, and stated that in view of a previous undertaking by the Committee to hear evidence on postage rates, and because of related evidence to be taken from the Department of Finance, the Committee should hold afternoon meetings.

He thereupon moved, seconded by Mr. Winch, and it was resolved:

That the Committee meet on Tuesday afternoon next and, if necessary, on Wednesday afternoon.

The Chairman then quoted from a letter of the Minister of Finance, in which it is stated that Mr. H. R. Balls from the Department of Finance, would be available.

Mr. Cormier was called and introduced by the Chairman. His examination was begun.

It was agreed that Mr. Dorion question the witness in French. Mr. Chevrier would follow, then Mr. Walker.

In this respect the Chairman reminded the members of the committee that the French text of Mr. Cloutier's examination appears textually in Issue No. 10, with an official translation. The same pattern, he said, would obtain, insofar as Mr. Cormier's evidence is concerned in Issue No. 11.

During the proceedings, the following preliminary plans and drawings part of the witness' personal file were referred to and identified as follows:

- Exhibit P-7 — Location of site;
- Exhibit P-8 — First floor;
- Exhibit P-9 — Second floor;
- Exhibit P-10 — Third floor;
- Exhibit P 11 — Power-house;
- Exhibit P-12 — Sections;
- Exhibit P-13 — Elevation details;
- Exhibit P-14 — Grid.

Subject to the reservation expressed by the witness and the Chairman, it was agreed to table the above plans and drawings for the information of the Committee. The Department of Public Works was asked to produce copies of said documents.

Mr. Cormier mentioned certain photographs which were taken during the initial stage of excavation of the Printing Bureau site, and these were passed around to the members and returned to the witness.

At 11.05 o'clock, Mr. Cormier's examination still continuing, the Committee adjourned until Tuesday, August 26th at 9:30 a.m.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

Note: Issue No. 10 includes French text of questions to the Queen's Printer and answers thereto followed by English translation.

EVIDENCE

MONDAY, August 25, 1958.

The CHAIRMAN: Gentlemen, is there any general business to bring before the committee at this time?

Mr. BELL (*Carleton*): Mr. Chairman, may I raise a matter of procedure in connection with it. The steering committee, I believe, would like to present a report to the house which deals with some of the matters that were raised by the Auditor General in the evidence he gave. I am sure that would also be the wish of the committee.

In order to do so it will be necessary for us to hear some evidence from the Post Office Department officials and from officials of the Department of Finance. I thought we might be able to get unanimity that for the purpose of hearing such evidence we might sit tomorrow afternoon and possibly, if necessary, on Wednesday afternoon.

For that purpose, Mr. Chairman, I would like to move that this committee sit tomorrow afternoon at 2:30 and, if necessary, on Wednesday afternoon at the same hour for the purpose of hearing witnesses from the Post Office Department and such other departments as may be necessary in order to reach a conclusion on the subject matters raised by the Auditor General in his questioning.

Mr. PICKERSGILL: But not including the matter we are proceeding with this morning?

Mr. BELL (*Carleton*): No.

Mr. PICKERSGILL: That is quite agreeable to us.

The CHAIRMAN: At this time—I took it upon myself in this connection to write to the Minister of Finance and I have his answer saying that he would be glad to designate Mr. H. R. Balls, director, financial administration and accounting policy division, to give evidence before this committee on any matters upon which we may wish information.

Mr. WINCH: I do not like sitting while the house is sitting but I will second the motion.

The CHAIRMAN: All those in favour?

Motion agreed to.

Mr. CHEVRIER: Mr. Chairman, before you proceed I take it we will have before us, during the course of examination of this witness, plans for the main building, that is, for contract No. 6 which I asked General Young to give last week.

The CHAIRMAN: The plans are here, Mr. Chevrier.

Gentlemen, this morning we have Mr. Ernest Cormier, architect, as our witness.

Mr. Ernest Cormier (Architect and Engineer) called:

The CHAIRMAN: I think we should give some details as to his professional career.

Mr. Cormier was born in Montreal—if you would like me to give the date, I will.

The WITNESS: All right, you can give it, 1885.

The CHAIRMAN: In any event, you were born before 1906?

The WITNESS: Yes, I graduated in engineering in 1906.

The CHAIRMAN: Mr. Cormier has a diploma in engineering at the Polytechnic school in Montreal and a degree in Applied Science, University of Montreal.

From 1906 to 1908 he was designing engineer in structural steel at the Dominion Bridge Company, Montreal office; from 1908 to 1914 he was in Paris at the Ecole des Beaux-Arts and underwent architectural studies with Jean-Louis Pascal. He studied painting with Pierre Vignal and sculpture studies with Mr. Allard. He was awarded the architecte diplômé par le Gouvernement français and an award at the Salon des Artistes Français, Paris.

In 1914 he was in London and he competed through empire-wide competition for the Jarvis Rome scholarship of the Royal Institute of British Architects and I understand he is the only Canadian to receive this award.

From 1914 to 1916 he was at the British School of Rome and for two years was pensionned at the British school of Rome.

From 1916 to 1918 he was with the engineering firm of Considere, Peinard & Caquot in Paris as designing engineer in reinforced concrete works for the French government.

In 1919 he was instructor in architecture at McGill University in Montreal and since that time for 30 years, professor of architecture to engineers at the polytechnic school, University of Montreal.

Since 1918 he has been in private practice as an architect and engineer.

It might interest the committee to know some of the works he has been responsible for. In Montreal, the New Court House, is that right?

The WITNESS: Yes.

The CHAIRMAN: The University of Montreal buildings, the Supreme Court of Canada building in Ottawa, the National Printing Bureau of Canada in Hull, concrete structures in France, in the United States and Canada, churches in the United States and Canada. He was a member of the Board of Design of the United Nations Headquarters in New York and he is the designer of the entrance doors of the general Assembly Hall, a gift of Canada to the United Nations, New York.

He is also an officer de l'Instruction Publique du Gouvernement Français; doctor honoris causa of the University of Montreal; member of the Royal Canadian Academy; medallist of the Royal Architectural Institute of Canada; medallist of the Province of Quebec Association of Architects; medallist of the French Canadian association for the advancement of Science and he won twice the Jessie Dow prize from the Art Association of Montreal and a special trophy from the American newspaper Guilds.

Mr. WINCH: It does not scare me one bit.

The WITNESS: It does not scare me either.

The CHAIRMAN: The purpose, of course, of this detailed biography is to allow you an opportunity to estimate the quality and worth of the witness.

(Texte):

Maintenant, nous avons ce matin avec nous M. Ernest Cormier, architecte de Montréal.

Monsieur Cormier, comme les deux langues sont officielles dans notre pays, c'est votre droit et votre privilège de vous adresser en français au comité et, si vous le désirez, de répondre aux questions, s'il y en a, en français.

(Text):

The WITNESS: I can speak in English if I may be excused in the choice of words sometimes.

The CHAIRMAN: Just take your time and you will find us a very friendly group.

(Texte):

M. DORION: Monsieur le président, ne serait-ce que pour faciliter la besogne au témoin, c'est surtout pour cela que M. Walker m'a demandé d'être présent, parce que jusqu'ici il a tellement bien conduit l'enquête qu'il est un peu présomptueux de ma part d'intervenir, mais précisément parce que nous sommes en présence d'un témoin dont la langue maternelle est le français et aussi parce que les deux langues sont officielles dans notre pays, M. Walker a eu l'amabilité de me demander de bien vouloir interroger tout d'abord le témoin, quitte à lui de continuer par la suite. Étant donné que j'ai été nommé au comité quelque peu en retard, je ne suis pas au courant de tous les détails et je m'en excuse, non seulement auprès de monsieur le président, mais aussi de tous les membres du comité.

M. CORMIER: Est-ce que je répondrai aux questions en anglais ou en français?

M. DORION: Si vous voulez répondre en français, s'il vous plaît.

(Text):

Mr. WINCH: May I ask the chairman if Mr. Cormier is fluent in English?

The WITNESS: Oh yes.

The CHAIRMAN: The purpose is to ask a few questions at the beginning in French. Have you many questions, Monsieur Dorion?

(Texte):

M. DORION: Je ne sais pas. Évidemment, il y a certaines réponses qui pourraient appeler d'autres questions; il est très difficile de le préciser dès le début.

(Text):

The CHAIRMAN: How long do you expect to be, five or ten minutes?

Mr. DORION: Fifteen minutes.

Mr. WINCH: Could we have a resumé afterwards of the questions and answers? I am sorry, I do not speak French—excusez-moi.

(Texte):

M. Dorion:

Q. Monsieur Cormier, je vois par le curriculum vitæ que vient de nous signaler M. le président, que vous avez une très longue expérience comme architecte?—R. Et comme ingénieur.

Q. Et ingénieur?—R. Oui.

Q. Et comme architecte?—R. Moins longue comme architecte que comme ingénieur.

Q. Votre expérience comme architecte a débuté en quelle année, dites-vous?

—R. En 1908.

Q. En 1908?—R. Oui. Comme ingénieur, en 1906.

Q. Est-ce que vous pratiquez simultanément les deux professions?—R. Simultanément.

Q. Je présume que, comme tel, vous êtes membre de l'une et de l'autre des deux associations qui existent dans la province de Québec?—R. J'ai été président de l'association de la province de Québec. Je suis ingénieur professionnel.

Q. Pour la gouverne du comité, vous avez, dans la province de Québec, des statuts qui déterminent les pouvoirs de chacune de ces associations-là?—R. C'est exact.

Q. De mémoire, pourriez-vous nous indiquer ces statuts, parce que, malheureusement, je ne les ai pas.—R. Vous voulez dire le champ d'activité d'un ingénieur ou d'un architecte?

Q. Vous avez un statut qui détermine la nature de vos fonctions et l'étendue de vos responsabilités?—R. Pour l'architecte, c'est tout ce qui a trait à la construction de bâtisses; l'ingénieur n'a pas le droit de faire de construction de bâtisses. Il peut faire des ponts, des chemins de fer, mais l'architecte a la responsabilité de la construction des bâtisses.

Q. Cette responsabilité,—et d'ailleurs vous en êtes au courant, n'est-ce pas,—est fixée par le Code civil de la province de Québec?—R. Oui.

Le président:

Q. Je pense que l'on parle du point de vue légal.—R. Légal, 5 ans de responsabilité dans la province de Québec.

M. Dorion:

Q. Très brièvement, voulez-vous nous dire quelle est l'étendue de cette responsabilité-là?—R. Il faudrait citer le Code civil, qui est à la disposition de tout le monde.

Q. Sans tenir compte de la loi, en fait, quelle est l'interprétation effective du Code civil? Quelle est l'étendue de cette responsabilité?—R. Il est bien difficile de répondre à cette question.

L'hon. M. CHEVRIER: Monsieur le président, j'invoque le Règlement. Cette question ne demande-t-elle pas une opinion légale?

M. DORION: Pas de la manière que je la pose.

L'hon. M. CHEVRIER: Je soumets que c'en est une qui demande d'exprimer une opinion légale. Il me semble que cette question n'est pas tout à fait régulière.

M. Dorion:

Q. Je vais modifier ma question de façon à ce qu'il puisse éviter toute difficulté de ce côté-là. Lorsque vous agissez comme architecte, est-ce qu'en fait vous n'avez pas à vous préoccuper non seulement de préparer les plans, mais aussi de voir à leur exécution fidèle?—R. Sûrement.

Q. Maintenant, pour ce qui concerne le *Printing Bureau* (l'Imprimerie nationale), pouvez-vous dire aux membres du comité à quelle date vous avez été requis d'agir comme architecte?—R. Mon premier engagement a été pour faire les plans et devis seulement. C'était une partie d'un très long contrat dans lequel on spécifiait toutes les fonctions de l'architecte et l'on m'en a d'abord accordé qu'une partie, c'est-à-dire la préparation des plans et devis, et cela, c'était le 26 mai 1948.

Q. Le 26 mai 1948?—R. Oui.

Q. Pour que vous puissiez ainsi préparer les plans et devis, vous a-t-on donné toutes les instructions nécessaires afin de pouvoir préparer ces plans de la façon la plus complète?—R. Voici les instructions que j'ai reçues: deux volumes, préparés par M. Mark E. Powers, *Industrial printing consultant engineer hired by the Department of Public Works*.

Q. Alors, ces instructions vous ont été données en mai 1948?—R. Oui.

Q. C'était les plans et devis?—R. Pas les plans et devis, c'étaient des instructions.

Q. Les instructions étaient à l'effet de préparer des plans et devis?—R. Voilà, ces instructions devaient être la base de mes plans et devis.

Q. Vos plans et devis qui avaient quoi pour objet, dans vos instructions?—R. Le projet de construction du *Printing Bureau*.

Q. Cela comprenait l'ensemble du projet?—R. L'ensemble du projet, oui.

Q. Quand vous dites qu'on ne vous en avait donné qu'une partie, cela veut dire qu'on vous a demandé simplement de préparer les plans et devis, sans vous donner la surveillance des travaux?—R. Oui.

Q. Parce que je comprends que la surveillance des travaux est du ressort de l'architecte?—R. Oui.

M. BOURGET: Pas nécessairement.

M. Dorion:

Q. En principe, vous avez fait préparer les plans et devis. A quelle date les avez-vous livrés?—R. J'ai livré les plans préliminaires dont on a nié l'existence.

Q. Dont on ...—R. On a nié l'existence précédemment, ici.

Q. Qu'est-ce que c'est que cela?—R. Les plans préliminaires qui ont été faits un an avant de commencer les travaux.

(Texte):

Mr. CHEVRIER: What the witness is saying, if I may interrupt, is that these are the preliminary plans and designs of the building—plans which were said not to have existed before.

(Texte):

M. Dorion:

Q. Pour le moment, j'accepte respectueusement la réponse du témoin, parce que, pour le moment, il ne s'agit pas d'interpréter des témoignages antérieurs; cela relève de la compétence des membres du comité.—R. C'est miraculeux que ceux-ci vous soient montrés présentement alors qu'on a dit qu'ils n'existaient pas.

Q. A quelle date avez-vous déposé ces plans et devis et à qui les avez-vous remis?—R. Cela a été déposé au département des Travaux publics, à l'ingénieur en chef du temps qui était M. Brault, je crois.

Le président:

Q. Qui était M. Brault?—R. L'ingénieur en chef des Travaux publics.

(Texte):

The date of the delivery I cannot recall but I know the date of the making of those drawings and they were to be submitted to Mr. Powers and Mr. Cloutier for acceptance. In fact, they were accepted by Mr. Powers and Mr. Cloutier.

(Texte):

M. Dorion:

Q. En avril de quelle année?—R. 1948.

(Texte):

And on May 5, 1948 by the Department of Public Works.

(Texte):

M. Dorion:

Q. Si vous me le permettez, je voudrais savoir ...

M. Bourget:

Q. Un instant, est-ce que ce n'est pas plutôt 1949 au lieu de 1948?—1949, peut-être.

(Text):

Of course, I am reading from a summary that I made.

(Texte):

M. Dorion:

Q. Monsieur le président, je voudrais que nous puissions conduire cette enquête de la meilleure façon possible et qu'il n'y ait pas d'interventions, surtout pour corriger le témoin. Le témoin sait depuis longtemps qu'il doit comparaître devant le comité, et il a même fait une déclaration aux journaux, et je demande à mes amis de bien vouloir ne pas intervenir.

L'hon. M. CHEVRIER: A la condition que les mêmes priviléges et la même courtoisie nous soient accordés quand viendra le temps d'interroger le témoin, parce qui si vous avez...

M. DORION: Excusez-moi de vous interrompre, mais je voulais tout simplement demander que l'on n'intervienne pas pour corriger le témoin sur les faits.

L'hon. M. CHEVRIER: A la condition qu'il en soit de même pour nous. Je ne sais pas si vous avez lu le compte rendu des séances précédentes et les témoignages qui ont été donnés, mais si vous l'avez fait, vous allez constater qu'à chaque question qui a été posée, il y a eu des interventions et des interruptions.

(Text):

Mr. WINCH: Can we know exactly when they were filed because over here we do not know yet. When were they filed?

The CHAIRMAN: We have this difficulty. There are two ways of proceeding. One is to conduct everything in French, which I think we should do this morning, and when we have finished with Mr. Dorion's questions in French we will go into English and we will try to make a translation; otherwise, we must have everything translated as we go along.

Mr. CHEVRIER: Mr. Chairman, I do not think that we on this side are asking that all the proceedings take place in French this morning, because while it is a courtesy that is being extended to both Mr. Dorion and Mr. Cormier it is a nice gesture and one which I am sure those of us who are French-speaking members, appreciate as well.

I do want to make it quite clear that this man is quite capable of answering questions in the English language and as he said, if there are words he is not familiar with, he can perhaps use the French word from time to time.

The WITNESS: I would rather testify in English.

(Texte):

M. DORION: Afin de conduire notre interrogatoire de façon normale...

(Text):

Mr. PICKERSGILL: I wonder, Mr. Chairman, since the two languages are equal in this country and the witness has told us he would rather testify in English if Mr. Dorion would put his questions in French and allow him to reply in English because there are quite a number of members of the committee including Mr. Winch who do not understand French too well.

Mr. WINCH: Je ne comprends pas le français.

The CHAIRMAN: The difficulty is really for the official reporting staff. I am inclined to feel that we should finish up in French. You will not be too long, will you?

Mr. WINCH: But could we have just now, to clear the air, the date?

(Texte):

M. Dorion:

Q. Je vais faire préciser ce point-là. Monsieur Cormier vous dites que vous avez été requis en avril 1948 . . . —R. Avril 1948, oui.

Q. . . . Et le 26 mai, de vous occuper de cette affaire, n'est-ce pas?—R. Oui.

Q. Vous avez fait des plans préliminaires?—R. Oui.

Q. Ces plans préliminaires, vous les avez entre les mains?—R. Oui.

Q. Est-ce que la date de production est indiquée sur ces plans préliminaires? —R. Oui, dans chaque cas. Ici, j'ai le *Plan of location*; c'était le 15-9-48.

(Text):

September 15, 1948. Accepted in 1949. That must have been produced before. This is the first floor plan, July 14, 1948. This is the second floor plan, June 14, 1948.

By Mr. Dorion:

Q. Excuse me, will you repeat that?—A. June 14, 1948.

Q. That is the second plan?—A. June 14, 1948. Third floor plan, July 14, 1948, the sections, July 14, 1948, elevation details November 30, 1948 and finally the powerhouse, November 30, 1948.

By Mr. Winch:

Q. You were appointed on May 28, 1948?—A. I was appointed on May 26, 1948.

Q. The date of your acceptance of that appointment was May 28, 1948?—A. Oh, yes.

(Texte):

M. Dorion:

Q. Voulez-vous nous dire très sommairement quel était l'objet de ces plans préliminaires?—R. C'était de définir la bâtisse; et même sur ces plans préliminaires, il y a une chose qui ne se fait jamais; tout le *Printing equipment* est montré. C'est beaucoup plus que des plans préliminaires. Ils s'appellent préliminaires parce qu'ils ne sont pas acceptés encore.

Q. L'ont-ils été?—R. Des plans très complets.

Q. Ont-ils été acceptés et, dans l'affirmative, à quelle date, pour chacun de ces plans?—R. Ici, j'ai ces plans préliminaires qui sont réduits par la photographie et signés comme approuvés le 7 avril 1949.

Q. Le 7 avril 1949?—R. Oui.

Q. A ce moment-là, certains travaux étaient déjà commencés?—R. Non.

Q. Les travaux d'excavation?—R. Ah! non.

Q. A quelle date les travaux d'excavation ont-ils commencé?

L'hon. M. CHEVRIER: En août 1949.

(Text):

The WITNESS: Tenders were called on May 18, 1949.

(*Texte*):

M. Dorion:

Q. En d'autres termes, et d'après votre témoignage, les plans préliminaires étaient livrés . . . —R. Et acceptés.

Q. Quant au moment où les travaux d'excavation ont été commencés . . . —R. Seulement, je ferai remarquer à ce sujet, tout de suite, au sujet de ces plans préliminaires, que les plans définitifs ne correspondent pas, dû au fait qu'on a ajouté des renseignements supplémentaires pour la construction.

Q. Est-ce que ces plans préliminaires vous ont permis, à ce moment-là, d'estimer approximativement quel serait le coût de la construction? —R. On ne me l'a pas demandé.

Q. On ne vous l'a pas demandé? —R. Non.

Q. Généralement, et dès que les plans préliminaires sont prêts, est-ce que l'on ne s'informe pas auprès de l'architecte quel sera le coût approximatif de la construction? —R. Oui, généralement, le client demande cela, mais généralement sur des esquisses.

Q. Une esquisse? —R. Ce n'est pas une esquisse.

Q. C'est plus? —R. Oui, presque des plans d'exécution.

Q. Si je comprends bien votre témoignage, en d'autres termes, étant donnée la nature de ces plans préliminaires lequel, n'est-ce pas, ont servi aux plans définitifs, de ces plans préliminaires, avec plus de détails, vous auriez pu être en mesure de déterminer approximativement le coût de l'édifice, selon ces plans? —R. Oui, approximativement, oui.

Q. On ne vous a pas demandé cela? —R. Non . . . mais il se peut qu'il y ait eu conversation entre l'architecte en chef et puis le sous-ministre à ce sujet . . . il n'y a rien d'écrit.

Q. Vous n'y avez pas participé? —R. Ah! j'ai pu avoir des discussions avec eux.

Q. Vous n'avez pas de memorandum de ce qui s'est passé à ce moment-là? —R. Non.

Le président:

Q. Qui était l'architecte en chef? —R. M. Brault; deceased now.

M. Dorion:

Q. C'est admis que l'on demande en même temps quels seront les "estimés" pour une construction de cette nature, lorsque les plans sont prêts? —R. Généralement, oui, mais ce n'est pas toujours le cas.

Q. Généralement, c'est cela? —R. Oui.

Q. Pour un homme prudent, c'est la façon d'agir? —R. Pour le palais de justice de Montréal, cela n'a pas été demandé; c'était une chose nécessaire, qu'il fallait construire, et il n'a pas été question de discuter de cela.

Q. De façon générale? —R. C'est surtout pour la clientèle privée.

Q. Et à plus forte raison, lorsqu'il s'agit de l'argent du public? —R. Quand le besoin de la construction est bien établi on n'en demande pas toujours le coût. Lorsqu'on a construit l'édifice de la Cour suprême, on ne l'a pas demandé.

Q. Pour le Palais de Justice de Montréal et pour l'édifice de la Cour Suprême, on ne l'a pas demandé? —R. Non.

Q. Ici non plus? —R. Non.

Q. En général, on demande cela? —R. Oui, pour des clients qui ont à compter leurs sous.

Q. Pour des clients qui ont à compter leurs sous? —R. Oui.

Q. Maintenant, est-ce que des changements substantiels ont été apportés par la suite à certain de ces plans préliminaires? —R. Ah! oui.

Q. Est-ce que ce sont des changements qui ont nécessité une modification substantielle de vos propres plans?—R. Oui.

Q. Ce sont des changements qui ont été demandés ou requis par qui?—R. Par ce comité qui a été nommé au *Printing Bureau*, le *Technical Research Committee*, qui était composé de M. Kiefl, M. Carroll, M. Rothwell, production manager, and later by Mr. Everett, qui est ingénieur du *Printing Bureau*.

Q. Les travaux ont donc commencé en 1949, et le premier contrat a été attribué à *Miron Frères*, de Montréal?—R. Oui.

Q. Au moment où les soumissions ont été demandées, savez-vous sur quoi on s'est appuyé pour les demander?—R. Sur mon plan E-1.

Q. Je ne voudrais pas entrer dans une chose que j'ignore, dans les technicalités...—R. Le plan E-1, les devis y correspondent, naturellement.

Q. Alors, à ce moment-là, a-t-on demandé des soumissions tenant compte de vos plans? Vous avez préparé également des devis qui correspondent à ces divers plans-là?—R. Oui.

Q. On a parlé de la production de ces divers plans; est-ce que cela comprend aussi les devis qui y étaient attachés?—R. Ah! toujours.

Q. Lorsqu'on a donné le contrat...—R. Cela ne vous fait rien que je répondre en anglais.

Q. Ah! pas du tout. Lorsqu'on a donné le contrat à *Miron Frères*, on s'est appuyé sur vos plans et devis?—R. Oui.

Q. Est-ce que ces plans et devis, à votre avis, étaient complets?—R. Ah! très complets.

Q. Par conséquent, comment pouvez-vous expliquer que des changements aient été apportés dans les travaux d'excavation qui ont été faits, changements qui ont plus que doublé le coût de l'excavation, je dirais même triplé?—R. C'est que, au cours des travaux, la condition du terrain a justifié ces changements, et c'est une condition du terrain qui n'était pas "montrée" par les sondages qui avaient été faits par le département.

Q. Alors, les sondages n'ont pas été complétés?—R. Ils étaient complets.

Q. Bien, c'est-à-dire, ils n'étaient pas complets?—R. Les résultats étaient faux. Cela tient surtout à la date à laquelle ils ont été faits. D'ailleurs, le rapport de *Moore*, l'officier en charge, disait que dorénavant on ne devrait pas demander de faire des sondages aux mois de décembre, janvier, février et mars, que l'on devrait faire les sondages en plein été.

Q. Vous avez été informé de la date des sondages?—R. Je l'ai demandée pour pouvoir me permettre de faire les plans.

Le PRÉSIDENT: Traduisez-vous sondage par *drilling*?—R. *Boring*.

M. DORION: A ce moment-là, vous étiez satisfait que les sondages vous éclairaient suffisamment pour préparer les plans?—R. Les sondages officiels du département n'étaient pas ma responsabilité; on les a acceptés tels quels et j'ai préparé mes plans sur cette base.

Q. Vous dites qu'ils n'étaient pas votre responsabilité. Est-ce que, généralement, les sondages font partie des travaux de l'architecte ou de la surveillance?—R. Non. Cela est du ressort de spécialiste.

Q. Je comprends que, matériellement, ce n'est pas vous qui les faites, mais est-ce que la surveillance est sous l'autorité de l'architecte?—R. Ce que l'architecte fait, ordinairement, c'est d'indiquer là où ils doivent être faits. Dans le cas de l'excavation, en général, j'ai suivi la silhouette de la bâtie. Mais, en réalité, le département n'a pas fait tout ce que j'ai demandé.

Q. Le département n'a pas fait tous les sondages que vous avez demandés?—R. Non.

Q. Alors, je comprends que le département ne vous a pas fourni toutes les informations nécessaires?—R. Bien, je n'avais qu'à prendre ce qui avait été fait, et cela me suffisait.

Q. Est-ce qu'à ce moment-là, réellement, le département n'avait pas fait tous les sondages?—R. Oui, certainement. Seulement, je ne pouvais pas attendre plus longtemps que d'autres sondages soient faits ailleurs; cela aurait été beaucoup trop long.

Q. Si vous n'étiez pas satisfait que tous les sondages avaient été faits, quel est le motif pour lequel vous pensiez qu'il était quand même urgent de préparer les plans?—R. On me pressait pour faire ces plans-là. Et cela prenait tellement de temps que j'ai fait les plans sans avoir tous les sondages demandés à l'origine.

Q. Avez-vous informé le département que ces sondages, à votre avis, n'étaient pas, d'abord, complets et, ensuite, pas conformes à ce que vous aviez demandé et qu'il y avait lieu de vous fournir plus de détails?—R. Non. Je n'avais pas à dire cela au département; le département le savait beaucoup plus que moi, j'insistais toujours. Il fallait que je sois renseigné là-dessus. Et on m'a donné le bleu que je vous ai montré tout à l'heure, lequel me donnait les sondages, exécutés, j'ai transféré ces renseignements sur mon plan E-1.

Q. Est-ce que vous avez fait un "estimé" de ces travaux?—R. Avant la rentrée des soumissions; la date de mon "estimé" est le 16 mai 1949.

Q. Avant la rentrée des soumissions, mais après que les soumissions aient été demandées?—R. Naturellement. Et cela arrive dans tous les cas. Les architectes et les ingénieurs, pour faire leur "estimé", ont besoin de ces plans au complet. Quand ceux-ci ont arrêtés, on commence à faire les "estimés", ce qui donne une semaine ou quinze jours de plus que l'entrepreneur à lui-même. C'est ce qui explique, par exemple, que la livraison de mes "estimés" est toujours assez près de la date de l'ouverture des soumissions.

Q. A ce moment-là, vous faites vos "estimés", et ils doivent comprendre les travaux supplémentaires qui ont été requis mais qui n'avaient pas été prévus.—R. Ils avaient été prévus par moi.

Q. Par vous?—R. Certainement. J'ai donné un "estimé" avec un prix unitaire élevé, \$2.30, ce qui vous a surpris, ceci pour couvrir toutes les éventualités. La dépense nécessaire de \$232,000 a prouvé la sagesse de mes prévisions.

Q. Cela a été prévu par vous?—R. C'était des possibilités que je prévoyais.

Q. Dans le prix unitaire que vous aviez donné, est-ce que vous aviez un détail de notre "estimé"?—R. J'ai un paquet de calculs épais comme cela. Tous mes ingénieurs ont travaillé dans une direction, moi dans une autre. On est finalement arrivés au prix unitaire à utiliser dans l'estimé.

Q. A ce moment-là, votre estimé était de \$282,500?—R. C'est cela.

Q. Et le contrat a été donné pour \$55,000?—R. C'était pour la moitié de mon "estimé."

Q. C'était moins que la moitié de votre "estimé"?—R. Le prix de \$55,000 est extrêmement bas. Aucun autre n'a été inférieur à celui-ci et de loin. Pour la première partie que Miron devait faire, d'après ce plan-là, j'ai mis un prix de 70c. la verge cube, alors que lui comptait 50c.

Q. N'est-ce pas étonnant qu'un entrepreneur arrive avec un prix aussi bas?—R. Miron est un spécialiste en excavation, en creusage. Il possède un équipement que les autres n'ont pas, à l'exception de la *Foundation Company*, peut-être.

Q. Mais, la *Foundation Company* est une autre qui, je crois, a soumis son estimation?—R. Oui, et aussi *Vipond, Roberson, North Shore, Brunet, Miron, Hull Construction Company*, et *Dibblee*.

Q. Quoi qu'il en soit, à votre avis, le montant de \$55,000 était étonnamment bas?—R. Oui.

Q. Est-ce que vous avez approuvé l'octroi du contrat?—R. Oui, mais sans confirmation écrite.

Q. Est-ce que vous avez fait, à ce moment-là certaines observations au sujet du prix étonnamment bas de Miron?—R. Non. *Dibblee* avait un cent de différence à la verge cube.

Q. M. Cormier, lorsqu'un entrepreneur fait une excavation, est-ce qu'il lui incombe de protéger le public contre son propre travail?—R. Oui.

Q. Et, à cette fin, quelles sont, généralement, les précautions que l'on prend. Une des précautions nécessaires, n'est-elle pas d'entourer, par exemple, l'excavation d'une clôture?—R. Oui.

Q. Pour se protéger contre sa propre responsabilité vis-à-vis du public?—R. Oui.

Q. Ce qui fait partie, par conséquent, des travaux auxquels s'engage celui-là qui les exécute?—R. C'est une chose généralement prévue dans les devis.

Q. Je ne veux pas m'occuper de l'aspect légal, mais est-ce que vous prétendez que l'entrepreneur n'est pas tenu de prendre des précautions en vue de protéger le public contre les dangers que comportent ses travaux?—R. C'est une question légale, plutôt. Il prend une assurance pour se protéger.

Q. Cette assurance n'est pas payée par le propriétaire?—R. Non.

Q. L'assurance n'est pas payée par le propriétaire mais, comme de raison, il est obligé, le propriétaire, de prendre des précautions pour se protéger contre sa propre responsabilité?—R. Il doit y avoir une clôture pour éviter que les enfants aillent jouer dans l'excavation. L'entrepreneur est protégé contre les accidents même s'il ne fait pas de clôture du tout.

Q. C'est une responsabilité?—R. Il n'a pas à faire d'enclos, comme celui qui lui a été demandé soit une clôture de planches jointives les unes contre les autres, mais il peut faire une simple barrière pour interdire l'accès aux enfants de jouer à cet endroit et empêcher les curieux de s'approcher de trop près.

L'hon. M. CHEVRIER: J'attire l'attention du président sur le fait que je m'oppose au genre de questions que l'on pose à l'architecte-ingénieur, car elles devraient être posées à l'entrepreneur. Vous laissez le témoin exprimer une opinion sur ce que l'entrepreneur considère comme sa responsabilité. Il me semble, M. Dorion, que vous devriez vous en désister.

M. DORION: Il est difficile de s'en tenir . . .

L'hon. M. CHEVRIER: J'ai éprouvé la même difficulté avec M. Young, qui disait ne pas avoir été là avant 1954. Je m'en suis tiré tant bien que mal.

M. DORION: Je tiens compte de votre opposition.

Le PRÉSIDENT: Vous demandez à qui incombe la responsabilité; au département, à l'architecte ou à l'entrepreneur?

L'hon. M. CHEVRIER: C'est à cela que je m'oppose. Ce n'est que l'entrepreneur qui peut répondre à cette question.

M. Dorion:

Q. De toute façon, est-ce que l'installation d'une clôture est prévue dans les devis?—R. Oui, mais comme celle qui a été faite est d'une autre nature, *I don't see anything on the question of a fence. I don't see anything.* Je n'en vois pas. L'entrepreneur aurait mis le genre de clôture qui lui aurait convenu.

Q. Vous n'avez pas été mis au courant de la discussion, peut-être, qui avait été entamée et poursuivie concernant le genre de clôture qui devrait être placée là?—R. Non.

Q. Savez-vous qu'est-ce qui est advenu de la clôture, par la suite, lorsque les travaux ont été terminés?—R. Je ne m'en souviens pas.

Q. Savez-vous si elle est demeurée la propriété du département?—R. Oui, c'était la propriété du département.

Q. Savez-vous si, en fait, elle est restée là?—R. Oui, elle est restée là.

Q. Est-elle là actuellement?—R. Non. Les travaux sont finis.

Q. Évidemment, je veux savoir si, en fait, oui ou non, il y avait une clôture?
 —R. Au départ de Miron, elle est restée là.

Q. Est-elle restée en possession du département ou de Miron et frères?—
 R. Elle est restée là.

Q. Vous êtes sûr de cela?—R. Oui.

Q. Maintenant, avez-vous eu connaissance d'autres cas, au cours de votre longue expérience, où l'on a chargé un propriétaire d'ériger une clôture pour protéger l'entrepreneur contre sa propre responsabilité?—R. Non, et cette question n'est pas juste. Ce n'est pas pour protéger l'entrepreneur, c'est pour éviter l'accès au terrain aux curieux. Pour l'entrepreneur, un simple garde-fou est suffisant.

Q. Je vous demande si, en fait, dans votre longue expérience, vous avez eu connaissance de bien des cas où l'entrepreneur a fait payer par le propriétaire une clôture pour protéger ses propres travaux?—R. Oui.

Q. Souvent?—R. Pour la construction du palais de justice de Montréal. Pour l'Université; il n'y avait pas eu de clôture.

(Text):

Mr. WINCH: I wonder whether monsieur could get off the excavation and on to the main contract. As a matter of fact, I would like to know when the steering committee decided on this. We will have to go over the whole thing twice.

Mr. DORION: We can have a translation if you like.

The CHAIRMAN: I appreciate the difficulty of some of the members, but this is a bilingual country and there is nothing much that we can do about it.

Mr. WINCH: If it is not necessary, why are we in a position where we will have to go over the whole thing again.

Mr. CHEVRIER: I, of course, will object if we start going over this again in English. That is what I object to.

The WITNESS: I expressed my preference for the English language.

Mr. DORION: I have the right to put the questions in French. I maintain this right.

Mr. WALKER: As an English-speaking member of this committee, I want to join wholeheartedly with Mr. Dorion, who is the most brilliant advocate in the province of Quebec, and who is entitled to do this.

Mr. CHEVRIER: I too, will join with Mr. Dorion in his right to ask questions in French; but my point is that I object to the field new being covered by Mr. Dorion being repeated all over again in English.

Mr. DORION: I have no objection if Mr. Walker has some additional questions.

The CHAIRMAN: I may tell the members of the committee that the translation of the French spoken by Mr. Cloutier last Friday will appear in issue No. 10 of the evidence, and the translation of this evidence will appear probably in issues No. 11 and 12.

Mr. DRYSDALE: Could we have this translation tomorrow and then continue on?

The CHAIRMAN: We will try.

(Texte):

Q. Monsieur Cormier, comment expliquez-vous que vous aviez prévu, par vos "estimés", que des travaux supplémentaires seraient nécessaires et que, dans vos plans et devis, il n'en est pas fait mention?—R. C'est très simple. J'ai examiné les sondages qui avaient été faits et j'ai vu la présence de sable,

j'ai vu la présence de glaise au-dessus du roc, presque toujours au-dessus du roc, et puis ce roc était à peu près au même niveau qu'au *Brewery Creek*, à peu près à 2,000 pieds de là. Alors, il se peut très bien que l'on ait à tenir compte de l'eau et de la boue; il faut donc prévoir dans mon estimé la possibilité d'aller jusqu'au roc? Les fondations que je prévoyais étaient des piliers à chaque colonne. C'était une façon économique de faire les fondations pourvu que ce soit terrain sec, mais, en terrain mouillé ce système aurait été très coûteux. Alors, en terrain humide, il fallait enlever toute la terre, c'est ce qui est arrivé.

Q. Alors, étant donné vos prévisions, ne croyez-vous pas qu'il était plus pratique de demander des soumissions à ce moment-là et, précisément, n'étiez-vous pas en mesure de terminer tous les travaux?—R. C'est justement cela. Il ne fallait pas que je demande au gouvernement de dépenser la somme de \$232,000, alors que je pouvais peut-être faire ce travail pour la moitié. J'ai pris la chance d'arrêter le creusage général avant d'arriver au roc. Autrement j'aurais fait de mon devis un autre devis et le gouvernement aurait dépensé une somme de \$232,000; alors, cela n'aurait pas été nécessaire.

Q. En d'autres termes, premièrement, vous étiez satisfait des sondages?—R. Non, pas à ce moment-là. A ce moment-là, je n'étais pas satisfait des sondages; mais c'est plus tard que j'ai découvert qu'il y avait des erreurs graves.

Q. Et cela aurait coûté \$282,500?—A. Oui. Vous savez, parce que j'ai découvert plus tard, comme je vous l'ai dit, logiquement, dans un terrain où il y a du sable, il y avait possibilité d'être obligé d'aller plus bas que le niveau de la rivière pour les fouilles générales. Nous avons pensé que peut-être nous n'aurions pas eu à le faire, et ce serait autant de sauvé pour le gouvernement.

Q. En d'autres termes, votre "estimé" n'avait pas de signification?—R. Bien au contraire. A cause de ma prudence. Je n'ai pas été obligé de revenir pour obtenir un décret du conseil car, et comme vous le savez, pour avoir un décret du conseil, c'est long!

M. DORION: Je ne le sais pas, je n'ai pas d'expérience de ce côté-là.

L'hon. M. CHEVRIER: Vous allez l'apprendre, monsieur Dorion, à l'avenir.

M. Dorion:

Q. Maintenant, le prix unitaire était prévu?—R. Oui.

Q. Quel était le prix unitaire dans vos "estimés"?—R. \$2.30, mais, comme je l'ai déjà dit plusieurs fois, pour prévenir toute éventualité.—Ne mélangeons pas les choses,—pour couvrir toute éventualité, vous savez très bien que j'aurais pu employer le prix de 70c. pour la première partie et \$3.00 pour la seconde partie qui contenait de la boue. La moyenne des deux prix étant \$2.30.

Q. Alors, on aurait pu le faire pour \$2.30...—R. \$2.30.

Q. ...pour toute éventualité?—R. Pour toute éventualité et pour descendre jusqu'au roc.

Q. Comment établissiez-vous les quantités de roc et les quantités de sable?

—R. Les sondages qui m'avaient été donnés.

Q. Et, ces sondages, il y en avait combien?—R. Il y avait déjà eu 18 sondages; vous pensez que ce n'est pas assez?

Q. Ce n'est pas moi qui l'ai dit, vous nous avez dit tantôt que c'était incomplet?—R. J'en avais demandé plus, mais le reste n'était pas essentiel.

Q. Vous en aviez demandé plus et, en prévision de ce que cela avait révélé, vous aviez précisé vos "estimés"?—R. Oui.

Q. Je vais vous poser encore quelques questions et M. Walker continuera.

—R. Bien.

Q. Monsieur Cormier, je présume qu'il relève de vos occupations, de votre profession, de déterminer, pour que les fondations soient faites, les poids éventuels que ces fondations seront appelées à porter?—R. Sûrement.

Q. Est-ce que, à ce moment-là, au moment où vous aviez fait vos plans préliminaires, vous saviez quel serait approximativement le poids de l'immeuble?—R. Absolument, oui.

Q. Est-ce que par la suite, il n'y a pas eu des changements qui ont été apportés, parce qu'on n'avait pas suffisamment tenu compte du poids?—R. Non, aucun changement.

Q. Quand Miron a fait sa soumission de \$55,000, saviez-vous, à ce moment-là, que des extras seraient nécessaires?—R. Non.

L'hon. M. Chevrier:

Q. Des extras pour l'excavation?

M. Dorion:

Q. Oui. Que des travaux additionnels seraient nécessaires?—R. Non, je n'en étais pas convaincu, il y avait une possibilité, mais je ne pouvais pas considérer, d'après les quantités du contrat, que cela pouvait se faire au prix unitaire.

Q. A quel moment avez-vous été convaincu...—R. Vraisemblablement dans la semaine qui a précédé le 20 septembre.

Q. ...n'était plus parfaite?—R. Je puis vous donner la date. C'est au moment d'une visite du chantier que j'ai faite avec M. Brault. Au point de vue surveillance de ce chantier, j'ai obtenu les services de M. Antonio Lalonde,—qui m'avait fourni un ingénieur,—et M. Pierre Leduc, pour le jour, et un inspecteur pour la nuit, de sorte qu'il y avait surveillance 24 heures par jour, et que j'avais des rapports qui m'étaient fournis sur chaque pièce d'équipement.

L'hon. M. CHEVRIER: Monsieur Dorion, me permettriez-vous seulement une intervention? Je veux simplement demander quelles étaient les "qualifications" de M. Lalonde et des deux autres?—R. Antonio Lalonde est un ingénieur professionnel de grande réputation.

M. Dorion:

Q. De Montréal?—R. De Montréal.

M. Bourget:

Q. Et M. Leduc?—R. M. Leduc est à son emploi; c'est un ingénieur professionnel diplômé de Polytechnique.

M. Dorion:

Q. Vous l'auriez vu, savez-vous à quelle date?—R. Oui, je vais trouver cela. Je sais que, à une certaine date, c'était au début des travaux,—je vais vous la trouver cette date,—j'ai eu un rapport du chantier; M. Leduc disait que, à 51 pieds de boring, de sondage n° 1, l'eau jaillissait du jour. Alors, déjà, c'était une chose qui ne correspondait plus au sondage. J'ai commencé à faire des...

Q. Voulez-vous me permettre de vous interrompre?—R. Oui.

Q. A ce moment-là, où en étaient rendus les travaux?—R. C'était tout à fait au début.

Q. Approximativement?—R. Quand j'ai vu ces présences, c'est ce qui m'a fait me rendre compte que les sondages n'étaient pas exacts. Je n'étais pas encore alarmé, car cela aurait pu être un égout brisé.

Q. Vous n'étiez pas suffisamment alarmé . . . —R. Pas encore.

Q. . . . pour exiger des sondages?—R. Mais non, ne parlons plus de sondage. C'est beaucoup plus tard, au cours d'une visite que j'ai faite au chantier, que j'ai constaté la présence de l'eau; c'était un véritable marais. L'entrepreneur montait ses déblais sur des rampes tranchées avec des lifts; boueuses, ses camions s'enlisaien constamment, et il était obligé de se servir d'un bâlier pour les monter, un bulldozer pour monter ses camions.

Q. A ce moment-là, monsieur Cormier, dois-je comprendre que tout ce qu'il y avait de fait était tout à fait contraire à la soumission, telle qu'elle avait été faite antérieurement?—R. A ce moment-là, les travaux couverts par la soumission n'étaient pas terminés.

Q. Alors, c'est là . . . —R. Alors, je me suis rendu compte de la nécessité de prolonger l'excavation générale pour atteindre le roc; le contrat que l'on va donner pour les fondations, va être extrêmement coûteux. Le seul moyen de se débarrasser de l'eau c'est d'enlever toute la terre jusqu'au roc, l'eau s'égouttera vers un puisard et les fondations seront faites à sec.

Q. Aviez-vous l'impression que ce pompage de l'eau devrait se faire d'une façon perpétuelle?—R. Non; mais temporairement jusqu'au moment où l'espace aura été clos par les murs extérieurs.

TRANSLATION

The CHAIRMAN: Now we have with us this morning Mr. Ernest Cormier, architect, from Montreal.

Mr. Cormier, as both languages are official in this country it is your right and privilege to address the Committee in French and, if you wish, to answer the questions in French.

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Mr. DORION: Mr. Chairman, Mr. Walker has asked me to be present, if only to make the task of the witness easier. That is the main reason. So far he has conducted the inquiry so ably that it is a little presumptuous of me to intervene. But precisely because we have before us a witness whose mother tongue is French and also because both languages are official in this country, Mr. Walker was kind enough to ask me if I would question the witness first, leaving him to continue later. As I was appointed to the Committee somewhat late I am not conversant with all the details. For this I apologize not only to the Chairman, but also to all the members of the Committee.

Mr. CORMIER: Shall I answer the questions in English or in French?

Mr. DORION: If you wish, answer in French, please. Obviously, there are certain answers which might call for other questions; it is very difficult to go into details at the very outset.

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By Mr. Dorion:

Q. Mr. Cormier, I see from your curriculum vitae that the Chairman has just outlined, that your experience as an architect is quite extensive?—A. And as an engineer.

Q. And as an engineer?—A. Yes.

Q. And as an architect?—A. My experience as an architect does not date as far back as my experience as an engineer.

Q. How far back did you say your experience goes as an architect?—A. 1908.

Q. 1908?—A. Yes. And 1906 as an engineer.

Q. Do you exercise both professions simultaneously?—A. Simultaneously.

Q. I presume that as such you are a member of both organizations existing in the province of Quebec?—A. I am a past president of the Quebec Association. I am a professional engineer.

Q. For the information of the Committee, there are in the province of Quebec statutes establishing the terms of reference of either organization?—A. Quite right.

Q. Could you quote off hand these statutes; since unfortunately I haven't got them with me.—A. You mean the limitations of an engineer or an architect?

Q. There is a regulation outlining the nature of your functions and the extent of your responsibilities, is there not?—A. For the architect, everything that concerns the construction of buildings. The engineer is not allowed to erect the buildings. He is allowed to build bridges, railways, and things of that kind, but the construction of buildings is the architect's responsibility.

Q. This responsibility,—of which you are aware, are you not,—is outlined in the Civil Code of the province of Quebec?—A. Yes.

By the Chairman:

Q. I think we are dealing with the legal aspect.—A. Legally speaking, it is 5 years in the province of Quebec.

By Mr. Dorion:

Q. Could you tell us very briefly what is the extent of that responsibility?—A. I would have to quote the Civil Law. It is available to anybody.

Q. Setting aside the law, what interpretation is in effect given in the Civil Law? What is the extent of that responsibility?—A. This question is rather difficult to answer.

The Hon. M. CHEVRIER: Order Mr. Chairman. Is it not that the question calls for legal opinion?

Mr. DORION: Not the way I put it.

The Hon. M. CHEVRIER: I suggest it is one that calls for legal opinion. It seems to me that the question is not quite in order.

By Mr. Dorion:

Q. I will change my question so that he can avoid any difficulty in that respect. When you act in the capacity of an architect, have you not to take care not only of the plans to be prepared but also of their being faithfully carried out?—A. Surely.

Q. Now, as far as the PRINTING BUREAU is concerned, can you tell the Members of the Committee on what date you were requested to act as architect?—A. I was hired, the first time, only to prepare the plans and specifications. It was a part of a very long contract in which all the functions of an architect were described and of which a small part was given to me, that is the part relating to preparing the plans and specifications. It was on May 26, 1948.

Q. On May 26, 1948?—A. Yes.

Q. In order to enable you to prepare the plans and specifications, were you given all the necessary instructions that would enable you to prepare the plans in the most complete way?—A. Here are the instructions I received: two books prepared by Mr. Mark E. Powers, INDUSTRIAL PRINTING CONSULTANT ENGINEER HIRED BY THE DEPARTMENT OF PUBLIC WORKS.

Q. These instructions were then given to you in May 1948?—A. Yes.

Q. They were the plans and specifications?—A. No, they were instructions.

Q. The instructions dealt with the preparation of plans and specifications?—A. Those were supposed to be the foundation for my plans and specifications.

Q. What was the object of your plans and specifications in the instructions that you received?—A. The project of building the PRINTING BUREAU.

Q. Did that cover the whole project?—A. Yes, the whole project.

Q. When you say that you were given only a part, that means that you were asked only to prepare the plans and specifications without being given the supervision of the work?—A. Yes.

Q. Because I understand that the supervision of the work is the responsibility of the architect?—A. Yes.

Mr. BOURGET: Not necessarily.

By Mr. Dorion:

Q. In principle, you had the plans and specifications prepared. On what date were they delivered?—A. I delivered the preliminary plans whose existence has been denied, the existence of which has been denied.

Q. Whose...—A. Their existence has been denied previously here.

Q. What are you talking about?—A. The preliminary plans that were made one year before the work got under way.

Q. For the time being, I respectfully accept the answer of the witness, because, for the time being, we do not have to deal with the interpretation of

previous evidence which is the responsibility of the Members of the Committee.—A. It looks like a miracle that this should come out since we had been told that such plans did not exist.

Q. On what date did you deliver those plans and specifications and to whom were they delivered—A. They were delivered to the Department of Public Works, to the Chief Engineer who, at that time, was Mr. Brault, if I am not mistaken.

By The Chairman:

Q. Who was Mr. Brault?—A. The Chief Engineer of Public Works.

Q. In April of what year?—A. 1948.

Q. If you will allow me, I would like to know...

By Mr. Bourget:

Q. Just a minute, please, wouldn't it be 1949 instead of 1948?—A. 1949, maybe.

By Mr. Dorion:

Q. Mr. Chairman, I wish that this investigation be conducted in the best possible way and without interference, especially without any interference aiming at influencing the witness. The witness has been notified beforehand that he was going to be called before this Committee. He has even given a statement to the newspapers and I beg my colleagues to be so kind as not to interfere.

Hon. Mr. CHEVRIER: On condition that the same privilege and the same courtesy be granted to us when the time comes for us to question the witness, for, if you have...

Mr. DORION: Will you excuse me if I interrupt you. I wanted only to ask that there should be no interference aiming at correcting the witness about the facts.

Hon. Mr. CHEVRIER: On condition that the same privilege be granted to us. I don't know if you have read the report of the previous sittings and the evidence that has been given during these meetings. If you have read them, you have no doubt noticed that on each question there has been interruptions and interference.

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Mr. DORION: In order to conduct our examination in a normal way....

.....
Mr. WINCH: I do not understand French.

By Mr. Dorion:

Q. I would like that point to be clarified. Mr. Cormier, you say that your services have been requested in April 1948.—A. Yes, in April 1948.

Q. And you have been requested on May 26 to take charge of this undertaking.—A. Yes.

Q. You have prepared preliminary plans?—A. Yes.

Q. And these preliminary plans, you have them with you to-day?—A. Yes.

Q. Is the date of printing indicated on these preliminary plans?—A. Yes, in each case. I have here the plan of location. The date is September 15, 1948.

By Mr. Dorion:

Q. Will you please tell us briefly what was the object of these preliminary plans.—A. The purpose of these plans was to describe the building. They

contain something that is not generally found in such plans viz. the description of the printing equipment. These plans contain much more than the ordinary preliminary plans. They are called preliminary because they were not yet accepted.

Q. And were they accepted afterwards?—A. They are very complete plans.

Q. Were they eventually accepted? In the affirmative, at what date each one of these plans was accepted?—A. I have here these preliminary plans which are drawn to scale and which are not photographed, and it is indicated here that they have been approved on April 7, 1949.

Q. On April 7, 1949?—A. Yes.

Q. At that time certain works had already been started?—A. No.

Q. The excavation work had been started?—A. Oh no!

Q. When was the excavation work started?

Hon. Mr. CHEVRIER: A year later.

.....

By Mr. Dorion:

Q. In other words, and according to your evidence, the preliminary plans were delivered . . . —A. And accepted.

Q. As for the date when the excavation work was started . . . —A. But I would like to draw your attention immediately on the fact that the final plans are not exactly like the preliminary plans because they contain additional data.

Q. On the basis of those preliminary plans, could you at that time figure out the approximate cost of the building?—A. No. I have not been asked to do so.

Q. You were requested to figure out the cost?—A. No.

Q. Generally speaking, when preliminary plans are completed, is it not customary to ask the architect what the estimated cost of the building will be?—A. Yes, generally, the customer asks for that information; but, in this kind of building, the figuring out of the cost is asked for only when a sketch is prepared.

Q. A sketch?—A. This is not a mere sketch.

Q. It is more than that?—A. Yes, these plans are nearly final plans.

Q. I understand by your evidence that, considering the nature of the preliminary plans, which have been the basis of the final plans and which are exactly reproduced with more details in the present sketch, you would have been in a position to figure out approximately the cost of the building.—A. Yes, approximately.

Q. And you were not requested to do so?—A. No, but there has been consultation between the chief architect and the deputy minister on that matter. . . . There has been nothing written.

Q. And you have not taken part in that consultation?—A. I may have discussed the matter with them.

Q. You have no written memo about what took place at that time?—A. No.

By the Chairman:

Q. Who was the Chief Architect?—A. Mr. Brault, "deceased now".

By Mr. Dorion:

Q. It is understood that an estimate will have to be provided along with the plans when dealing with a building of that type, that is when the plans are ready?—A. As a whole, yes, but this is not always the case.

Q. Is this the practice, as a whole?—A. Yes.

Q. Would not a careful person act that way?—A. It was not required for the Montreal Court House; there was a great need for that building and no mention was made of that.

Q. But generally speaking?—A. It usually is provided when dealing with private interests.

Q. All the more so when public funds are involved, is it not?—A. We did not have to when we erected the Supreme Court buildings.

Q. It was not requested when you erected the Court House and the Supreme Court buildings?—A. No.

Q. Nor in the present case?—A. No.

Q. As a whole, is it not requested?—A. Yes, by customers who look twice at every penny.

Q. By customers who look twice at every penny, do you say?—A. Yes.

Q. Now, were any substantial changes made afterwards to some of those preliminary plans?—A. Indeed!

Q. Were these changes of a type that required substantial changes in your own plans?—A. Yes.

Q. Who asked for or decided upon these changes?—A. The Committee that was appointed for the "Printing Bureau". It is called the "Technical Research Committee" and it was made up of Mr. Kiefl, Mr. Carroll, Mr. Rothwell the "Production Manager", and a little bit later Mr. Everet, an engineer for the "Printing Bureau".

Q. So, work started in 1949 and the first contract was awarded to "Miron Frères" of Montreal?—A. Yes.

Q. Do you know in what respect tenders were called for at the time?—A. With respect to my plan E-1.

Q. I would not want to get involved in a field I know little about, in technicalities...—A. Of course, the estimates correspond to the plan E-1.

Q. Then at that time, were tenders called for with respect to your plans? Did you not also prepare estimates corresponding to these various plans?—A. Yes.

Q. Mention was made of the preparation of these various plans; does that also comprise the estimates that were attached to them?—A. Oh, always.

Q. When the contract was awarded . . .—A. Would you mind if I replied in English?

Q. Not at all. Was it relying on your plans and estimates that the contract was awarded to "Miron Frères"?—A. Yes.

Q. In your opinion, were these plans and estimates complete?—A. Oh, quite so.

Q. Therefore, how can you account for the changes that were made in excavation works, which changes more than doubled excavation costs, I would even go so far as to say, tripled excavation costs?—A. That was because the condition of the land justified these changes in the course of the works; that particular condition of the land was not revealed by the borings that were made by the Department.

Q. So, borings were not completed?—A. They were complete.

Q. Well, that is to say, they were not complete?—A. The results proved to be wrong. That was due above all to the date at which they were made. Moreover, the report filed by the officer in charge, "Moore", stated that from then on there should be no borings made in December, January, February or March, and that they should be conducted in the middle of summer.

Q. Were you informed of the date of the borings?—A. I asked to be informed of the date so that I could draw up the plans.

The CHAIRMAN: Do you translate "sondage" by "drilling"?—A. "Boring".

By Mr. Dorion:

Q. You were satisfied then that the borings provided you with enough information in the preparation of the plans?—A. I had nothing to do with the Department's official borings. We accepted them and the plans were based on that information.

Q. You say that you had nothing to do with boring. Generally speaking, does boring form part of the architect's duties or of the supervisor of works?—A. No. That falls within the competence of technicians.

Q. I gather that you do not personally make the borings, but is the supervisor of works under the authority of the architect?—A. What the authorities do, as a rule, is to show where borings should be made. As far as excavation goes, as a whole, I just draw up the outline of the building. However, in fact, the Department did not concur with everything I asked for.

Q. The Department did not conduct all the borings you asked for?—A. No.

Q. I should say therefore, that the Department did not provide you with all the information you required?—A. Well, all I had to do was to base myself on what tests had been made and that was enough for me.

Q. Had not the Department actually proceeded with all borings at that time?—A. Yes, certainly. Only, I could not wait until the borings were completed: it would have taken too long.

Q. If you were not satisfied that the borings were not completed, why did you feel it was urgent to prepare the plans?—A. I was being pressed to make these plans. And the borings were taking so much time that I made the plans without having the results of the last borings.

Q. Did you inform the Department of the fact that, in your opinion, these borings were not, first complete, and then consistent with your requirements, and that more details should have been given?—A. No. I did not have to give these facts to the Department; the Department knew it better than I did. I was always insisting. I had to be informed on that subject. They have given me the blue print I have shown you a moment ago. That blue print was giving the results of the borings, and I have reproduced them in my plan E-1.

Q. Did you make an estimate of these works?—A. My estimate was made on the 16th day of May 1949, before the tenders were received.

Q. It was before the tenders were received, but was it after the tenders were called for?—A. Of course. This proceeding is followed in all cases. The architects and the engineers need these plans in order to prepare their estimate. When the plans are ready, they start to work on the estimate, and that gives a week or 15 days more to the contractor. That explains why, for example, my estimates are always close to the cost.

Q. At that time, you prepare your estimates. And they must include additional works which are required and which had not been foreseen.—A. I had foreseen them.

Q. You had?—A. Certainly. I gave an estimate with a high unit price, \$2.30 (which have surprised you), in view of covering all contingencies. This unit price was found necessary for the expense of \$232,000.

Q. Was that provided for by you?—A. Those were the contingencies I provided for.

Q. In the unit price which you had given, did you have an itemized statement of our estimate?—A. I have a bundle of calculations that thick. All my engineers worked in one direction; I worked in another. Finally we arrived at the quantity of 115,000 cubic yards.

Q. At that time your estimate was \$282,500?—A. That's right.

Q. And the contract was let for \$55,000?—A. It was for half of my estimate.

Q. Was it less than half your estimate?—A. The price of \$55,000 is extremely low. There were no others as low as that, not by a long way. For the first part that Miron was to do, according to that plan, I put in a price of 70 cents a cubic yard; he had 50 cents.

Q. Is it not surprising that a contractor should come with such a low price?—A. Miron is a specialist in excavation work. He has equipment which the other contractors, with the possible exception of the Foundation Company, do not have.

Q. But the Foundation Company, I believe, is another of the companies which submitted a tender?—A. Yes, and so did Vipond, Robertson, North Shore, Brunet, Miron, Hull Construction Company, and Dibblee.

Q. Be that as it may, in your opinion the amount of \$55,000 was astonishingly low?—A. Yes.

Q. Did you approve the awarding of the contract?—A. Yes.

Q. Did you at that time make certain remarks about the surprisingly low price submitted by Miron?—A. No. Dibblee was one cent different per cubic yard.

Q. Mr. Cormier, when a contractor does an excavation, is he responsible for protecting the public from his own work?—A. Yes, but without written confirmation.

Q. And what precautions are generally taken for that purpose? Is not one of the necessary precautions to build a fence around the excavation?—A. Yes.

Q. To protect himself against his own responsibility to the public?—A. Yes.

Q. Which consequently forms part of the work undertaken by the person who carries it out?—A. That is something that is usually provided for in the specifications.

Q. I do not wish to deal with the legal aspect, but do you maintain that the contractor is not obliged to take precautions to protect the public from the dangers arising from his works?—A. That is a legal question, rather. He takes out insurance to protect himself.

Q. That insurance is not paid for by the owner?—A. No.

Q. The insurance is not paid for by the owner, but of course, the owner is obliged to take precautions to protect himself against his own responsibility?—A. There must be a fence to prevent children going to play in the excavation. The contractor is protected against accidents even if he does not build a fence at all.

Q. Is that a responsibility of his?—A. No. He does not have to build an enclosure nor a solid board fence, but he may make a simple enclosure to prevent children going and playing there. He can prevent curious people from entering.

Mr. CHEVRIER: I call the Chairman's attention to the fact that I am opposed to the type of questions, that is being put to the architect-engineer, because they should be put to the contractor. You are letting the witness express an opinion as to what the contractor considers to be his responsibility. It seems to me, Mr. Dorion, that you should refrain from such questions.

Mr. DORION: It is difficult to deal only—

Mr. CHEVRIER: I have experienced the same difficulty with Mr. Young who said he was not there before 1954. I dealt with it as I could.

Mr. DORION: I understand your objection.

The CHAIRMAN: You are asking who is responsible, whether the department, the architect or the contractor?

Mr. CHEVRIER: This is what I object to. The contractor is the only one who is in a position to answer that question.

By Mr Dorion:

Q. Well anyway, did the plans make any mention of the fencing?—A. Yes, like the fencing that has been done. Personally, I am quoting from memory. I don't see anything on the question of a fence. I don't see anything. I don't see any reference there. The contractor could have erected any type of fence that would suit him.

Q. May be you haven't heard of the discussion that was brought up and carried on concerning the type of fence that should be erected there?—A. No.

Q. Do you know what became of the fence afterwards, after the work was completed?—A. I don't remember.

Q. Do you know if it remained the Department's property?—A. Yes, it was the Department's property.

Q. Do you know if in fact it stayed there?—A. Yes, it stayed there.

Q. Is it still there?—A. No. The work is completed.

Q. Evidently; I want to know if, in fact, whether or not there was a fence?—A. When Miron left, it stayed there.

Q. Did it remain in possession of the Department or of Miron et Frères?—A. It stayed there.

Q. You are sure of that?—A. Yes.

Q. Now, have you ever heard, in your vast experience, of other cases where an owner had to build a fence to protect the contractor against his own responsibility?—A. No, and this is not a fair question. It is not intended for the protection of the contractor; it is to prevent inquisitive people from trespassing. As for the contractor, an ordinary guard-rail is sufficient.

Q. I am asking if, in fact, in your vast experience, you met many cases where the contractor made the owner pay for a fence intended to protect his own construction?—A. Yes.

Q. Often?—A. It was so in the case of the Court House in Montreal. As for the University, there was no fence at all.

.....

By Mr. Dorion:

Q. Mr. Cormier, how do you explain that you have foreseen in your estimates that additional work would be necessary and that there is no mention of it in your plans and specifications?—A. That is very simple. Having seen the borings that were made and found the presence of sand and clay above the rock,—it is nearly always above the rock,—and that the rock was just about on a level with Brewery Creek about 2000 feet away. I thought then that there might be water and mud and that we should perhaps dig down to the rock, because the foundations I had in mind were in the shape of weights at each pillar, that was an economical way of setting a foundation on dry ground but it would have been very costly on damp ground. So that, in a damp ground all the earth had to be removed and that is what we did.

Q. Then, having foreseen those conditions, don't you think it would have been more practical to ask for tenders at that time, and were you not in fact in a position to complete all the work?—A. That is just it. I would have had to ask the government to spend \$232,000 when it could be done for half the money. I took the chance on stopping before hitting the rock. I had prepared my specifications and the government would have had to spend \$232,000.00 when that would not have been necessary.

Q. In other words, at first, you were satisfied with the borings.—A. No, not at that time. At that time I was not satisfied with the borings; it was later on that I discovered that.

Q. And it would have cost \$282,500?—A. Yes. You know, because of what I was discovering later on, as I told you, it was logically necessary in sandy ground to dig below the level of the river for the foundations. We thought we might not have to do so and that we might have saved that much money for the government.

Q. In other words, your estimate had no meaning?—A. It had great meaning. I did not have to come back and get an order in council, for as you know it is quite a long procedure.

Mr. DORION: I would not know. I have no experience in that connection.

Mr. CHEVRIER: You will learn, Mr. Dorion, as the years go by.

By Mr. Dorion:

Q. Now, the unit price was set?—A. Yes.

Q. What was the unit price in your estimates?—A. \$2.30, but to take care of all contingencies—let us not mix these things up—you know very well that the unit price we might have set if the cost had not been divided, would have been of 70c. while Mr. Miron had tendered for 50c.

Q. So that it could have been done for \$2.30?—A. \$2.30.

Q. Under any conditions.—A. Under any conditions and to go down to the rock.

Q. How did you set the quantity of rock and the quantity of sand?—A. By the borings that had been made.

Q. And how many of these borings were there?—A. There had already been about 18 of them; do you think that was not enough?

Q. It was not I who said so. You yourself said it was incomplete.—A. I had asked for more.

Q. You had asked for more and in the light of what they showed you, you made your estimates?—A. Yes.

Q. I shall ask you a few more questions and then Mr. Walker will take over.—A. very well.

Q. Mr. Cormier, I suppose it was within your functions and your profession to determine before the foundations were made, the weight which they would eventually have to bear?—A. Certainly.

Q. At that time, when you were making your preliminary plans did you have an approximate idea of what the weight of the building would be?—A. Yes, of course.

Q. Is it not true that changes were subsequently made because the weight of the building had not sufficiently been taken into consideration?—A. No, no change was made.

Q. When Miron tendered for \$55,000, did you know at that time that extras would be required?—A. No.

Mr. CHEVRIER: Extras for excavation?

By Mr. Dorion:

Q. Yes. That additional work would be necessary?—A. No, I was positive that; there was a possibility of it, but judging by the amounts of the contract, I could not believe that it could be done at the unit price.

Q. When were you sure...—A. During the week previous to September 20...

Q. ...was no longer absolutely satisfactory?—A. I can give you the date: It was during an inspection of the works which I made with Mr. Brault. For works supervision, I secured the services of Mr. Antonio Lalonde—who had provided me with an engineer—and Mr. Pierre Leduc, an all-night inspector, so that there was 24 hours' supervision per day, and I received reports on every item of equipment, every shovel, every digger.

By Mr. Chevrier:

Q. Mr. Dorion, may I interrupt? I just want to ask what were the qualifications of Mr. Lalonde and the other two?—A. Antonio Lalonde is a highly reputed professional engineer.

By Mr. Dorion:

Q. From Montreal?—A. From Montreal.

By Mr. Bourget:

Q. And Mr. Leduc?—A. Mr. Leduc is in his employ. He is a professional engineer, a graduate of "Polytechnique".

By Mr. Dorion:

Q. At what date did you see him?—A. Let me see, I have that here. I know that, on a certain date, it was when the work began—I'll find it for you, that date—I got a report from the works; Mr. Leduc said that there was a water spout at 51 feet down in the boring. Well, already this did not tally with the boring. I began to make....

Q. May I interrupt you a moment?—A. Yes.

Q. How far advanced was the work at this point?—A. This was right at the start.

Q. Roughly?—A. When I observed all this, that's how I realized that the borings were inaccurate. I was not yet alarmed, because it could have been a burst drain.

Q. You were not alarmed enough?—A. Not yet.

Q. ...to ask for borings.—A. No. It was much later, during a visit I made to the works, that I observed the presence of water; it was a real marsh. The contractor was elevating his cuttings with lifts; they were muddy, his trucks were constantly getting bogged down, and he had to use rams to elevate them, a bulldozer to bring up his trucks.

Q. Am I to understand, Mr. Cormier, that everything done up to that point was absolutely contrary to the tender as originally drawn up?—A. The tender was not at that time completed.

Q. So then that is . . . —A. So then I said to myself, as there is water lower down, it is absolutely necessary—because the second contract will be extremely expensive—well then, the only way to get over the problem is to remove all the soil down to the rock, then the water will drain off to a cesspool, and the foundations will be built on dry ground.

Q. Did you feel that this water pumping would have to go on indefinitely?—A. No, but temporarily, until the space had been enclosed by the exterior walls.

.....

(Text):

Mr. CHEVRIER: Mr. Chairman, may I be permitted now to go over the ground covered by Mr. Dorion, because I think there are a number of things that have come out which I would like to examine upon before Mr. Walker proceeds.

The CHAIRMAN: I think it is only fair, gentlemen; I am sure you agree with me. We started with Mr. Dorion. I think you should proceed first and then Mr. Walker, and back to yourself. By the way, I could give you a resume of it, but I think the best evidence is to see the translation; and in the circumstances, I think you should read the translation rather than listen to my garbled account.

Mr. WINCH: Could we have it today?

The CHAIRMAN: In 24 hours, I hope.

Mr. CHEVRIER: Mr. Chairman, I would like to deal at once with the preliminary plans to which the witness has referred; and I would ask him to produce the plans he has; first, the location plans.

Mr. BELL (*Carleton*): These are being produced from his own files.

Mr. CHEVRIER: Yes.

The WITNESS: It is my own office copy too; there should be a copy at the Department of Public Works.

Mr. McGEE: Could I see that one?

Mr. CHEVRIER: No. Just as soon as I have dealt with them, I will turn them over to any member of the committee. This, Mr. Chairman, is a location plan of the site dated September 15, 1948. It is a preliminary plan prepared by Mr. Cormier. It covers the area where the building was to be put up and I would turn this over at once to Mr. Walker so he can see it, or any other member of the committee.

Mr. BELL (*Carleton*): And put in as an exhibit?

Mr. CHEVRIER: Put in as an exhibit.

The WITNESS: Will that be returned to me? I would much rather you get this from the Department of Public Works.

By Mr. Chevrier:

Q. How many copies were made of these preliminary plans?—A. I do not recall. I can find that out in my office.

Q. Did you give a copy to the Department of Public Works?—A. Oh yes, certainly. These are the copies that were accepted by the department and by Messrs. Cloutier and Powers.

Q. Well then, would you produce the preliminary plan describing the first floor?

Mr. BELL (*Carleton*): Are they or are they not going in as exhibits? We had better settle that right now.

The WITNESS: Not these copies.

Mr. BELL (*Carleton*): I think if they are going to be referred to they should be put in as exhibits.

The WITNESS: Otherwise, I can bring up my file and give it to you.

Mr. BELL (*Carleton*): We can agree to return them to Mr. Cormier as soon as it is over.

The CHAIRMAN: We will just wait a minute until we see if the Department of Public Works has a copy and if so it will be produced as P-7.

They have not got a copy today.

Mr. CHEVRIER: Well, Mr. Kemp thinks they have it in any event, and they can get it. On that understanding can we proceed?

The CHAIRMAN: It will be exhibit P-7.

Mr. SMITH (*Simcoe North*): I think this is a most important point which has come up from this and I think if we are going to go through these documents they must be made exhibits or if they are not to be made exhibits we must wait until the documents that are to be made exhibits are produced, and not on any other assumption than that.

The CHAIRMAN: I agree with you except that these are the private, personal, professional plans belonging to the architect, and as I understand it, it is his right to keep them and not hand them over but we have copies of the documents.

Mr. CORMIER: Pourquoi ne pas obtenir ceux du gouvernement?

Mr. SPENCER: Well, we have copies, that is the point I am making.

The CHAIRMAN: In any event we have a copy photostated and reduced to a smaller scale which could be produced by the department.

Mr. SPENCER: In any event the copy should be compared with the plans that are now produced to make sure that they are actual copies as to dates and all other information.

The WITNESS: It is a photographic copy, it is difficult to cheat on that.

By the Chairman:

Q. That is a photographic copy of the plans you have in front of you?

—A. Yes.

Mr. PICKERSGILL: I would like to say a word on the point that has been raised. We have all through this inquiry had documents which have not been produced in evidence from the Department of Public Works referred to and examined on, and it does seem to me rather extraordinary that at the moment the private property of the architect of which he has given evidence that a copy was given to the department, comes into question, that this should be raised on an examination of this kind without it being produced in evidence when we have not produced in evidence and made exhibits a great many of the documents from the department on which a lot of the previous examination has been based.

Mr. BELL (*Carleton*): My friend has the right at any time to insist upon that.

Mr. PICKERSGILL: No, not at all.

Mr. BELL (*Carleton*): Certainly my friend has. What we are seeking to do is to assure ourselves that these documents will be available for inspection by any member of the committee at a later time.

Mr. CHEVRIER: Would you let me make this statement, and allow me to proceed on this basis subject to the departmental officers, Mr. Kemp or any others, checking or ascertaining whether they have photostats of this plan and whether they are exact copies. That we would know by the next sitting tomorrow. Is that satisfactory?

Mr. BELL (*Carleton*): And if not, this goes in.

The CHAIRMAN: No, no, we have no right, I understand, under the architectural association to produce those personal documents.

Mr. SPENCER: Could we not have a duplicate made of them, we have spent \$ $\frac{1}{2}$ million on a duplicating plant?

The CHAIRMAN: I was going to suggest we could have a photostat of them.

The WITNESS: You have one that is photostated.

Mr. SPENCER: That is not what we want.

The CHAIRMAN: You gentlemen well understand that a lawyer has the right to keep his own private, personal documents and I do not think there is much we can do about it, but if the architectural witness agrees it can be photostated, assuming that we cannot find the same photostat in the Department of Public Works.

I think we are making a lot about nothing. Shall we proceed on the basis that we can have this one photostated and produced subsequently, but I do not think we have the right to force a witness to produce something that is personal and private.

Mr. BELL (Carleton): I dispute that. I think this committee has the right to force the architect to produce any documents relative to this, in his possession. I will not pursue it now, but I take violent objection to any suggestion that this committee is unable to have every document in the possession of Mr. Cormier, or any other witness who comes before the committee, relating to this.

Mr. PICKERSGILL: Including the memorandum from the Department of Public Works that was refused the other day.

Mr. SMITH (Simcoe North): I am not suggesting we have the right to force Mr. Cormier to produce the document but I do not think it is right to cross-examine him on a document that cannot be produced.

The CHAIRMAN: Well, are we not really skirting the issue? What I am saying in effect is that this is his own personal office document which he is entitled to keep, but we can get a photostat of that, assuming the Department of Public Works have not got the same photostat. There is no basic difficulty; it is only a matter of a small delay. You have this same document reduced to a smaller scale in the preliminary documents which the department has.

By Mr. Chevrier:

Q. If I may continue, Mr. Chairman, would you produce the second plan you have prepared and tell me what it is.—A. No. 1 is the first floor plan dated July 14, 1948.

Q. This is a preliminary drawing of the first floor and is dated July 14, 1948. I would like to have the members of the committee, Mr. Walker particularly, shown this. Would you pass it over?—A. You will notice, Mr. Walker, the printing equipment is all shown there. Even the lockers are shown.

Q. The printing equipment and lockers are shown on that plan, according to the architect.

Will you produce the third plan?—A. This is a plan of the second floor.

Q. This is a preliminary plan of the second floor of the printing bureau and is dated June 4, 1948. Would you tell the committee—I am sorry, I have torn it.—A. That is all right.

Q. Would you tell the committee what it covers, Mr. Cormier?—A. It shows the building and all the printing equipment on the second floor.

The CHAIRMAN: Wait just a moment.

Under reserve we are producing these as Exhibit P-8 and Exhibit P-9. The preliminary sketch of the ground work I think should be Exhibit P-7.

By Mr. Chevrier:

Q. Would you pass that over to Mr. Walker?—A. Yes.

Mr. WALKER: I have seen them all.

Mr. CHEVRIER: If any members of the committee wish to look at them they are there.

By Mr. Chevrier:

Q. Would you produce the next plan you have, sir?—A. The next plan is of the third floor.

Q. This is a preliminary plan of the third floor of the printing bureau dated July 14, 1948 which covers what?—A. It covers, of course, the disposition of the building and also all the printing equipment to be installed on the third floor.

The CHAIRMAN: Produce that as Exhibit P-10, please.

By Mr. Chevrier:

Q. Will you now show me the other plan which you have?—A. That is a drawing of the sections.

Q. Have you a plan of the powerhouse?—A. That will come later.

Q. This is a drawing of the sections?—A. Perhaps I should pass you the powerhouse plan now.

Q. This is the preliminary plan of the powerhouse?

Mr. WINCH: Does that include the transformer vault, Mr. Chevrier?

Mr. CHEVRIER: I think I will have to ask the witness that.

By Mr. Chevrier:

Q. Does that include the transformer vault?—A. That includes everything in the powerhouse. The boilers are shown, the forced draft and the induced draft are shown; the coal bunkers are shown. Everything is shown.

Mr. WINCH: How about the transformer vault?

By Mr. Chevrier:

Q. Does the transformer vault appear on that plan?—A. No, it was to be situated above this.

Q. That plan is dated November 30, 1948?—A. Yes. It also includes the full-scale elevation that has not changed in execution at all.

Q. It includes the full-scale elevation of the powerhouse that has not changed?—A. Yes.

By Mr. Winch:

Q. Does it include the air conditioning unit?—A. No. It is shown in plan only.

Mr. CHEVRIER: Will you produce the succeeding plan?

The CHAIRMAN: This will be Exhibit P-12.

The WITNESS: This is a drawing of the sections.

By Mr. Chevrier:

Q. This is a preliminary plan of the sections dated July 14, 1948. I will hold it up here. Will you explain to the committee what it shows?—A. It shows the longitudinal section and the cross section.

Q. It shows the longitudinal and cross section of the main bureau of the printing bureau?—A. It shows the stairways and the number of steps.

Q. Have you any other preliminary plans?—A. Yes. There is this one which is No. 6, the elevation details.

The CHAIRMAN: That will be P-13.

By Mr. Chevrier:

Q. This is a plan showing the elevation details dated November 30, 1948. I suppose I am holding it improperly. Will you please show it to the committee

and explain what it is?—A. It shows on large scale the portion of the masonry elevation, the front elevation, and it also shows on a large scale the glazed portion of the plant.

Q. May I ask this question dealing with these plans: these plans were prepared, according to the evidence already given, between July 14—and the last one—I am sorry—between the time you were appointed, which was May, 1948 and November 30th, 1948?—A. Yes.

Q. And that time; they were accepted by the department?—A. That is right.

Q. Now, were all these plans in existence before the first contract was called?—A. Yes, they were.

Q. And had these plans been seen by the officers of the Department of Public Works?—A. Yes, they had.

Q. And they had been approved, as you have already indicated?—A. That is right.

By Mr. Winch:

Q. Had they been seen by Mr. Powers?—A. Yes, they were approved by Mr. Powers.

Q. Were there any criticisms from Mr. Powers?—A. Not at that time. That came later.

By Mr. Chevrier:

Q. Then, coming to the first contract, that is No. 1, for the excavation?—A. Yes.

Q. Did you have the plans and specifications prepared?—A. I had the plans and specifications.

Q. Would you show me the plans?—A. Here you are.

Q. This, I think, is the one you wanted to see, Mr. McGee; this is plan E-1, dated April 30, 1949. Would you tell us what appears on that plan?—A. First, there is a record of the soundings that have been made by the Department of Public Works.

The CHAIRMAN: Has this been produced before?

Mr. CHEVRIER: This has been produced before.

The CHAIRMAN: It is the borings plan.

By Mr. Chevrier:

Q. Yes, it is the borings plan, the plans and specifications for No. 1 contract.—A. It shows the contours of the surface of the ground, and it covers past Brewery creek; it covers all the property which was bought by the government. It also shows the projected avenue that the Federal District Commission wanted to build at the rear of the property, justifying the treatment that I had made of the power house.

This was to be a public park at the back; and it shows the silhouette to be excavated, giving the levels to be reached; the three levels, 146, 143 and 146. It also shows the locations of the soundings and borings that had been made.

Q. The borings made by the Department of Public Works?

The CHAIRMAN: That is all right.

By Mr. Chevrier:

Q. Now, would you please tell me about the specifications which went with contract No. 1. Are these the specifications?—A. These are the specifications which went with contract No. 1.

Q. They have already been produced?

Mr. WALKER: Are they dated?

The CHAIRMAN: I shall have to check

By Mr. Chevrier:

Q. In your opinion, were there sufficient data in those plans and specifications to enable a contractor to bid for the excavation?—A. There were. Proof of that lies in the fact that we had twelve bidders who did not ask questions, and who gave prices; one, two, three, four, five, six, seven, eight, nine bidders.

Q. I want to deal with the excavation contract. I hope to be able to do so before the bell rings. Mr. Dorion dealt with it at some length. May I go over a portion of it?

The original contract was to go down to elevation 143 and 146?—A. That is right.

Q. Please tell us what happened when you visited the site and saw the condition of the ground?

Mr. DORION: What date was this?

By Mr. Chevrier:

Q. It is suggested that I get from you the date when this business took place, or the date on which you made an examination of the quality of the excavation or the quality of the soil.—A. It was on September 6, I believe.

Q. 1949?—A. 1949.

Q. Describe to the committee what you found.—A. I found the whole place covered with water. Everything was in a very muddy condition. I saw the difficulty in getting the trucks up the ramp to dump their material further. I saw one that was just jammed in the mud and they had to have a bulldozer to pull it out. You can see it in these photographs.

By the Chairman:

Q. Are you producing those?—A. No. These are the only copies I have.

Q. Would you care to pass them around the committee?—A. Yes. There are ten photographs.

Q. May I ask you, on what date were these taken?—A. The dates are marked on the back. They are various dates.

Q. Were they all taken in 1949?—A. Yes; all 1949.

Q. And by whom were they taken?—A. By my inspector on the job, Pierre Leduc; at least it was ordered by him. I do not know who was the photographer.

Q. These are ten photographs taken on the site in 1949 which we are passing around so that the members of the committee may see them.—A. I would like them returned.

By Mr. Chevrier:

Q. When was the decision made with reference to the additional excavation?—A. At that time there was nothing decided, but I discussed it with Mr. Blais. I told him it would be impossible to proceed with the foundation in view of the conditions; that the only solution is to pull all that dirt off to reach the rock surface.

Q. How much further in depth did it require you to go?—A. About double the contract.

Q. Who decided to give the extra to Miron?—A. I believe on the 20th of September Mr. Murphy was on the job, together with Mr. Blais, of the engineering department of public works. They saw the conditions and right there he gave a verbal order to continue down to rock. Between the sixth and the twentieth I worked on the idea with the department and told them we would have to go down to rock. On that date Mr. Murphy came to the job and a day later I received a letter authorizing me to give the order, but at the unit prices of the first portion of the contract. The moment I communicated

that to Miron he said, "Oh, no. You are not going to double the amount of the work and make me go twice as deep for the same unit prices under the conditions which I know."

Q. What were the conditions?—A. Muddy conditions; he was in a marsh there. The rain could not get out; they were in a reservoir.

Q. Who decided on the unit prices?—A. I said to Miron "I have no authority. Your only way is to see Mr. Murphy and negotiate with him." He went to Mr. Murphy and I am sure it was quite a discussion. Mr. Murphy did not give out money like that.

By the Chairman:

Q. Anyway he went to the department?—A. Yes. I know the details now because it has been told to me by Miron. There was a discussion and Mr. Murphy was taking notes and when Miron went out he took the paper and went out with it to be sure that Mr. Murphy would not change his mind.

By Mr. Chevrier:

Q. The work was done and Miron went down how deep?—A. Double the excavation.

Q. How far?—A. To the final depths shown on my plan for adjustments. That is, plan E-2. On plan E-2 I established a grid that divides the area in squares of 24 feet.

The CHAIRMAN: Under reserve.

By Mr. Chevrier:

Q. Plan E-2 is dated April 30, 1949.

The CHAIRMAN: P.14.

By Mr. Chevrier:

Q. And this is a grid with all sorts of numbers in these squares. I wish you would explain to the committee what is meant by those numbers?—A. The first number, the top number you see on the intersection of grids is the virgin ground level. The second figure with the minus sign preceding the figure shows the depth that was required to reach the levels when we were contemplating—

Q. Is that the 143-146?—A. Yes, that is it; and the third figure shows the level of the rock we reached.

Q. Well now, give me the level of the rock?—A. It varies with each one. The rock is near the surface at this end and it is very deep here.

By Mr. Bell (Carleton):

Q. What do you mean by "this end"?

By Mr. Chevrier:

Q. West or east end?—A. The east end is very deep. The rock has about the same contours as the ground above; I mean the same thickness of ground above the rock—and as you see by my first plan there the contours show that the ground has a slope towards the northeast.

Q. Let me put it this way: was the bottom of the excavation regular or irregular?—A. Irregular.

Q. How did it vary? To what extent did it vary in feet or degrees?—A. Oh, it is difficult to say. I mean it is interrupted by crevices at certain places and little pockets at others.

Q. In any event, for an engineer, he could easily tell from the grid you prepared there.—A. Figure the quantities, and these figures were given to me by three engineers. These were transcribed on my plans by myself—by my

staff—to figure the extra to be given to Mr. Miron. The figures were made by Mr. Maher, professional engineer, Miron & Freres and Mr. MacLean of the department. I think he is surveyor of the department and Mr. Pierre Leduc, engineer on my behalf.

By Mr. Pratt:

Q. I would like to ask a question of Mr. Cormier. Was it not his responsibility as an architect to make load bearing tests on the soil—A. I never make load bearing tests of rock.

Q. Was not that your responsibility as an architect?—A. Well, certainly, but rock is rock; we do not make tests on that.

Q. That is your responsibility?—A. Yes, responsibility; but I am not obliged to make the actual borings. The onus is never placed on the architect; it is the client that supplies that and sees that it is done.

The CHAIRMAN: Are you finished?

Mr. CHEVRIER: I have a few questions; I think perhaps I could continue tomorrow and dispose of them quickly, and then allow Mr. Walker to proceed.

Mr. BELL (Carleton): Mr. Chairman, I think these photographs ought to be left available for members of the committee.

The CHAIRMAN: Pardon?

Mr. BELL (Carleton): I think they ought to remain available to members of the committee and we could have them returned at a later date to Mr. Cormier.

The WITNESS: I agree to that.

The CHAIRMAN: 9:30 Tuesday morning.

Mr. BELL (Carleton): Could we meet at 9 o'clock?

Some hon. MEMBERS: No.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

TUESDAY, AUGUST 26, 1958

WITNESS:

Mr. Ernest Cormier, Architect, Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nassereden
Bissonnette	Hales	Nugent
Bourget	Hanbidge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Simcoe North</i>)
Carter	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Cathers	MacRae	Spencer
Chevrier	Martel	Stewart
Coates	McGee	Valade
Crestohl	McGregor	Villeneuve
Dorion	McMillan	Walker
Drouin	Morissette	Winch
Doucett	Morris	Wratten
Drysdale	Morton	Yacula

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

TUESDAY, August 26, 1958.
(14)

The Standing Committee on Public Accounts met this day at 9.30 o'clock. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Bissonnette, Bourget, Campeau, Carter, Cathers, Chevrier, Coates, Crestohl, Dorion, Doucett, Drysdale, Fraser, Grenier, Hales, Hanbidge, Lahaye, Macnaughton, MacRae, McGregor, McMillan, Morissette, Morton, Murphy, Nasserdan, Nugent, Pickersgill, Pratt, Smith (*Simcoe North*), Spencer, Stewart, Villeneuve, Walker, and Winch—35.

In attendance: From Montreal: Mr. Ernest Cormier, Architect; From the Department of Public Works: Major General H. A. Young, Deputy Minister, and Mr. J. O. Kemp, Contracts Division, Building Construction Branch.

The Committee continued its examination of the construction of the Printing Bureau in Hull.

Mr. Kemp was called and, as requested of the Public Works Department, he tabled photostatic copies of plans and drawings which were marked at the meeting of August 25 as exhibits P-7 to P-14 inclusive. Mr. Kemp retired.

Mr. Ernest Cormier was called and was allowed to make a statement arousing out of newspaper headlines of August 25th.

Mr. Cormier was examined by Messrs. Chevrier and Walker.

The witness quoted from a letter dated September 19, 1948, addressed by him to Miron Freres of Montreal respecting unit prices for excavation.

Mr. Walker referred to an order-in-council dated May 20, 1958.

Ordered,—That the said order-in-council be printed in this day's evidence as an appendix. (See Appendix "C")

A motion of Mr. Morton to hold meeting's at one on Tuesday, one o'clock and seven o'clock on Wednesday was referred to the steering Committee—

Before adjournment, the Chairman announced that pursuant to a decision of the Committee on August 25, the Committee would meet this afternoon at 2.30 to hear the Auditor General and an official of the Post Office Department respecting postage rates on newspapers and periodicals.

At 11.05 the Committee adjourned until 2.30 o'clock p.m. this day.

Antonio Plouffe,
Assistant Chief Clerk of Committees

EVIDENCE

TUESDAY, August 26, 1958.
9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum.

I would like to make special reference this morning to the extremely good work done by the official reporting staff yesterday, and by the translators. The facts are that there were six translators working on the translation from French to English. They received the manuscript at 5.30 p.m., they worked until 7.30 p.m. translating 47 pages. It was in the hands of the printer at a quarter to eight, and at 9.30 p.m. we had an unrevised draft of the translation ready for distribution. It was distributed to the members' rooms by hand. I certainly appreciate the speed with which the Committees Branch accomplished this task.

This morning I am going to ask Mr. Kemp to produce photostatic copies of the various plans referred to and shown to you yesterday by Mr. Cormier.

The first is a preliminary plan of the first floor bearing date July 14, 1948. These plans were identified yesterday. Preliminary plan of the second floor; preliminary plan of the third floor; preliminary plan of the elevation details—

Mr. CHEVRIER: November 30, 1948.

The CHAIRMAN: Preliminary plan of sections.

Mr. CHEVRIER: July 14, 1948.

The CHAIRMAN: Preliminary plan of locations September 15, 1948, plan of location April 16, 1948, and plan of the power house November 30, 1948.

Mr. CHEVRIER: So we have these seven plans that were put in evidence yesterday.

Mr. J. O. KEMP (*Chief, Contracts Division, Department of Public Works*): Eight.

Mr. CHEVRIER: Is that correct, Mr. Chairman?

The CHAIRMAN: I will have to count them.

Mr. CHEVRIER: We have the eight plans put in evidence yesterday.

The CHAIRMAN: Yes, there are eight plans.

This morning I suggest we start off with Mr. Chevrier questioning followed by Mr. Winch and then Mr. Walker.

Mr. BELL (*Carleton*): Followed by whom?

The CHAIRMAN: Mr. Winch.

Mr. BELL (*Carleton*): No, Mr. Chairman, Mr. Walker is picking up where he left off yesterday.

Ernest Cormier Architect and Engineer, called.

The WITNESS: Before we start may I make this declaration? To place my testimony of yesterday in the proper light, in spite of the headlines of the evening papers, I beg to be allowed to make the following declaration.

I never said yesterday that the printing bureau was built in a swamp.

Secondly, that all through the progress of the work I approved of the selection of the site for the new printing bureau—all through the progress of the work.

Thirdly, that this site did not entail undue expense.

Fourthly, that the necessity of removing the muddy material found during the process of excavation proved finally to be beneficial, and

Fifthly, that the building of the foundation piers in the open, without hindrance of any kind, was very much cheaper than it would have been if the general excavation had not been extended to the rock surface. It can be seen by this photograph; it was easy to make the foundation piers after the earth material had all been removed.

By the Chairman:

Q. Are you producing these photographs?—A. No, but you could have your department make copies of them.

By Mr. Chevrier:

Q. Can they be circulated?—A. Yes, certainly.

By the Chairman:

Q. May I do that now?—A. Yes, certainly. You see the conditions we were in to make a foundation so that the mud we had at a certain moment proved to be beneficial after all.

By Mr. Chevrier:

Q. Mr. Cormier, yesterday you produced a plan of the grid which covered the excavation and it showed the ground level, the level of the first contract and the level down to rock?—A. Yes.

Q. And you said those figures appearing thereon were obtained from your employees?—A. Well, not all. They were obtained first by a committee of three men—Mr. Maher, professional engineer representing Miron Freres, Mr. MacLean, of the engineering department of public works, and thirdly by Pierre Leduc, a professional engineer, who was my representative on the job.

Q. And from that information you compiled the last portion of that grid plan which is now before us?—A. Yes, I translated that on the plans.

Q. Did you keep a record of the work that was being done on the first excavation contract from day to day?—A. Oh yes.

Q. Will you produce the record?—A. Reports were given me weekly. The content of each weekly report is hour by hour work of all the equipment that was on the job. All the equipment was numbered, and this is all recorded in this.

Q. Who prepared that record?—A. My professional engineer, Mr. Pierre Leduc.

Q. And from that you could determine the state of the excavation, the job as it progressed?—A. Oh yes.

Q. Now then, Mr. Cormier, having regard to the condition which you described yesterday at the site of the excavation, as well as the statement you made this morning, would you tell me what was the need for higher prices on this project?—A. Well, we come again to the mud that I spoke of yesterday. At that moment there was a muddy condition of the ground. What produced that mud, I do not know if it was only the result of the storms that we had had which are all recorded in this journal. But it was a kind of reservoir and the water had no way of escaping, so that the contractor had to use two huge pumps to clear that out, and his work was made very much more difficult on account of the extended depth of the foundation, the muddy ramp that his

trucks had to climb, and the further distance for the dumping of the earth. The state of the ramp, the state of the dump and the state of the bottom of that excavation at that time was in a very muddy condition. That is what the papers interpreted as being a swamp. The contractor had to use a bulldozer to push his trucks out of the mud.

Q. That was before he got down to the level that appears on your grid plan?—A. It appeared before that. It appeared before the first portion of the contract was completed.

Q. Can you sum up in a few words the reasons which, in your opinion, necessitated a higher unit price?—A. Well, it is this, the increased difficulties of getting rid of the earth that was being excavated. That is the main thing—the conditions were not what were expected from the borings that we had.

Q. Now, did you make an estimate of the price required, or the cost of removing this excavated material on contract number one?—A. That was all included in my preliminary estimate submitted before we started the work.

Q. How did you arrive at that price?—A. Well, to arrive at that price, as I said yesterday, all my engineers worked on that, each on a different method and we arrived at the conclusion that if we needed to go down—we expected to go down further perhaps, I did not know what we would have to expect—we increased the unit price that was applied to this contract. We put the very high price on of \$2.30, and in that higher price of \$2.30 there was 70 cents for general excavation if it remained dry and the difference, \$1.60, for the remainder. Adding those two up makes \$2.30.

Q. And your estimate on that job was \$282,500?—A. That is right, if the worst conditions happened.

Q. And the total of the main contract with the extras amounted to \$238,690?—A. Very satisfactory if you compare that with my estimate.

Mr. CHEVRIER: Your witness, Mr. Walker.

By Mr. Walker:

Q. Could I have your estimate, please—

The CHAIRMAN: May I interrupt? Mr. Winch, did you want to ask any questions?

Mr. WINCH: In view of the fact that I am labouring under a vicious attack of the flu I do not mind if Mr. Walker carries on for a while.

By Mr. Walker:

Q. Get the Miron Freres tender, will you please?—A. Well, do not go away with my bible.

Q. I will bring it back to you. Mr. Cormier, you have produced for me your estimate. Now, the estimate given by Miron Freres is on the basis of a tender call for 110,000 cubic yards?—A. Yes.

Q. For which they bid \$55,000?—A. Yes.

Q. There were eight other tenders going all the way up from \$55,000 to \$140,000?—A. Yes.

Q. And the very highest of them was more than twice as high as your estimate?—A. As my estimate?

Q. Excuse me, the very highest of the other tenders was less than half of your estimate?—A. You are not talking of the same thing.

Q. Just a moment, I am asking the questions. Now, in the 110,000 cubic yards all the eventualities were being taken into consideration?—A. Yes, but the 110,000 cubic yards, that would not include all the eventualities. You have to double that for all the eventualities.

Q. Will you find me this?—A. Do not play with my documents that way.

The CHAIRMAN: Mr. Walker, perhaps you would care to sit on the right of the witness and you can both see the document.

Mr. CRESTOHL: It is loose-leaf and you can see it one at a time.

By Mr. Walker:

Q. Miron Freres, \$55,000 for 110,000 cubic yards. Would you read your estimate please?—A. Yes. Class A matter, 3,000 feet at \$5.90; class B material, 110,000 feet at \$2.30, or \$282,500.

Q. You say 110,000 cubic yards?—A. That is right.

Q. Class B material is sand.—A. And all other material outside of boulders.

Q. You estimate that at how much a cubic yard?—A. \$2.30 to cover.

Q. Do you say \$2.30?—A. That is right.

Q. All right.

Mr. CHEVRIER: Mr. Chairman, I think the witness should be allowed to complete his answer.

By Mr. Walker:

Q. Is there anything there in your estimate to cover anything else except 110,000 cubic yards?—A. Yes.

Q. Please read it.—A. It is included in the unit price, of \$2.30.

Q. Just read it please! Read the whole thing into the record and we will find that you are bidding on the same thing as Miron Freres; that is to say, you are estimating on it.

The CHAIRMAN: Now now!

Mr. SMITH (*Simcoe North*): Nobody interrupted Mr. Chevrier yesterday.

By Mr. Walker:

Q. Please read it into the record.—A. Montreal, May 16. It is addressed to Mr. Gustave Brault, chief architect of the Department of Public Works, Hunter Building.

The CHAIRMAN: Order.

The WITNESS: Proposed national printing bureau, general excavation.

By Mr. Walker:

Q. Read it without comment, please.—A. It says: complying with your request, I beg to state that my estimate for the general excavation for the proposed printing bureau in Hull is as follows: class A, 5,000 cubic yards at \$5.90; class B, 110,000 cubic yards, \$2.30, or a total of \$282,500.

Q. All right, thank you. It says nothing more than that?—A. No.

The CHAIRMAN: The word "total" does not appear.

The WITNESS: That is right.

By Mr. Walker:

Q. Miron & Freres bid on 110,000 cubic yards was exactly the same as yours, at 55 cents.

Miron & Freres in making that excavation bid for 110,000 cubic yards are just as responsible as any other contractor, to do that at 55 cents?—A. Certainly.

Q. Regardless of what happened, or what difficulties they encountered, they would have to complete that contract at 55 cents.—A. 110,000 cubic yards, not any further.

Q. But no further. For that same 110,000 cubic yards you figured it might cost \$282,500.—A. No, no.

Q. Then how much?

The CHAIRMAN: Let him answer!

Mr. WALKER: I will; but he is trying not to answer.

The CHAIRMAN: No, that is not right. Give your answer. Take your time. Give your answer. Think about it!

The WITNESS: I said many times up to now that I applied to the amount of work that Miron was going to perform, 110,000 cubic yards, a very high unit price of \$2.30 to cover any eventualities that might happen. If we had to go down to rock, that 110,000 cubic yards would be increased at a lower price; it was to give the information to the government to set aside \$282,500 for excavation, whatever would happen.

By Mr. Walker:

Q. Miron Freres, no matter what happened, was bound by the low contract to complete it at 55 cents?—A. No, no.

Q. What does it say?—A. You do not double the amount of a contract at the unit price.

Q. You certainly do not.—A. If we are committed to 110,000 cubic yards—

Q. So it was considered that he was committed to 110,000 cubic yards, come hell or high water, at 55 cents?—A. Yes.

Q. And you suggested that if you had been doing it you would have charged \$230,000?—A. No.

Mr. CRESTOHL: Not at all!

By Mr. Walker:

Q. Your estimate was that it would cost \$230,000?

The CHAIRMAN: All right.

The WITNESS: No, not at all. I never said that.

By Mr. Walker:

Q. \$282,000?—A. No. My unit price, in that case, if we did not have to go further down, would have been 70 cents a cubic yard.

Q. But you did not say so anywhere.—A. No. It was never asked from anybody. It was to set aside an amount to do the excavation.

Q. Let us say, for simplicity, there is their estimate; Miron Freres' tender at a price of 55 cents. You bid \$2.30 for the same number of cubic yards.—A. No, no, I did not bid.

Mr. CRESTOHL: Mr. Cormier did not bid at all.

By Mr. Walker:

Q. The estimate of Mr. Cormier was for 110,000 cubic yards at \$2.30 a cubic yard. Is that correct?—A. Yes.

Q. The estimate increases the tender which was bid by Miron Freres for the same cubic yards at 50 cents a cubic yard. Is that right?—A. Yes.

Q. All right. If you will not draw the inference, perhaps the rest of the committee will. Please tell me this—

Mr. CRESTOHL: Let him answer the question. I shall fight for fair questions and fair answers.

Mr. WALKER: You appointed yourself as sergeant-at-arms two weeks ago, Mr. Crestohl.

Mr. CRESTOHL: And you appointed yourself crown prosecutor or rather crown persecutor!

The CHAIRMAN: The witness here can speak for himself. I want the questions to be impartial.

By Mr. Walker:

Q. Are you suggesting that your estimate was \$2.30 for each cubic yard of the 110,000 cubic yards, while Miron Freres' estimate was 55 cents?—A. No. If we had to stop at what was contemplated on the plan—that was levels 146 and 143—my estimate would have been 77,000.

Q. Show me any place in your plan or anywhere else where that is even faintly suggested?—A. That was not questioned by anybody. I had to give an estimate.

Q. This is the first time in your life then, that you have ever mentioned that to anyone; and it goes back ten years?—A. That is in my records everywhere; I have four different schemes of figuring that estimate.

The CHAIRMAN: May I suggest: our witness is speaking in English which is not his native tongue.

By Mr. Walker:

Q. Would he like to speak in French?—A. No!

Mr. PICKERSGILL: Let us extend to him ordinary courtesy!

By Mr. Walker:

Q. In your preliminary plan you were wrong about the original excavation, were you not?—A. No.

Q. Because it had to go down twice as far?—A. No.

Q. How far did you estimate in your original plan that the excavation would go?—A. I first asked, in order not to make any unnecessary expenditure for the government, to make the general excavation levels 146 and 143.

Q. That was not final, then?—A. That was not final. There was still other excavations to be done by the foundation contractors.

Q. But the first tender called for 110,000 cubic yards only.—A. The general excavation was to be at those levels.

Q. It had nothing to do with what might come later on?—A. No.

Q. May I see the plans and specifications now for No. 1 contract?—A. I wish the Department of Public Works would show you these.

The CHAIRMAN: They are in the hands of Mr. Pratt.

Mr. CHEVRIER: Mr. Pratt!

Mr. PRATT: Yes, which plans would you like?

The WITNESS: E-1.

By Mr. Pratt:

Q. At what depth did you encounter rock?—A. At various levels.

Q. From what to what?—A. It is shown on the plan, on the grid that is indexed under E-2; at one point it is 21.6 feet, and at another point it is 17.6 feet.

Q. That shows the variable ground contour?—A. Yes.

Q. That is the depth and the surface, and it does not tell us very much. You do not have the actual depth?—A. That is only mixing up things.

Q. An average of how many feet to rock.—A. I would have to figure that. Figuring in front of sixty people is not the right atmosphere in which to figure. Anyway, anybody can use this and find out.

Q. If you can get your hands on it.

Mr. CHEVRIER: There it is.

The CHAIRMAN: Gentlemen, let us get back to Mr. Walker and try to keep this questioning plain and simple.

By Mr. Walker:

Q. Mr. Cormier, do not rush. When you got down to this first excavation you found that you had to go down further, down to rock?—A. Yes.

Q. Would you be good enough to let me see the specifications, or you can tell me whether or not you indicated that the unit price would remain the same for any extras?—A. You have that in the specifications.

The CHAIRMAN: To what are you referring? Identify it, please.

Mr. WALKER: I am referring now to the specifications for the general excavation.

Mr. PICKERSGILL: For the original excavation?

Mr. WALKER: Yes.

Mr. CHEVRIER: For what contract?

Mr. WALKER: Number 1 contract, specifications for general excavation; the contract about which we have been speaking. Mr. Cormier's estimate was \$182,500 and Miron Freres was \$55,000. I refer to clause 16.

Mr. STEWART: Just a moment. He is not listening to you at all.

Mr. WALKER: I do not blame him.

By Mr. Walker:

Q. It is page 4, clause 16, under the heading additions and deductions.—A. Yes.

Q. The scope of the work is subject to additions and deductions according to instructions given in writing by the engineer?—A. Yes.

Q. The unit prices quoted shall apply to the changes as if these had been incorporated in the original plan and specifications?—A. That is right.

Q. No extra work shall be recognized by the department unless the contractor has first obtained a written order therefor from the engineer?—A. Yes.

Q. The unit prices quoted shall apply to the changes as if they had been incorporated in the original plan?—A. Yes.

Q. Did you continue the unit price of 50 cents per cubic yard?—A. Yes.

Q. I suggest that on the continuation of this contract which you granted to Miron Freres—

The CHAIRMAN: Just a minute. Who granted?

Mr. WALKER: Granted to Miron Freres.

The CHAIRMAN: Granted by the department.

By Mr. Walker:

Q. I suggest that the unit price was raised?—A. Yes.

Q. And you gave us the details yesterday?—A. Yes.

Q. To what price was it raised?—A. Before answering, will you allow me to say something?

Q. I would be delighted.—A. Do you think any contractor would accept doubling the amount of his contract for the same unit prices; that he would not ask for an adjustment? Suppose I had given the orders to go down to China in that hole, would you apply the same unit price? There is no limit to that. No contractor would ever accept a thing like that. It is merely adjustments.

Q. Did you not continue this contract to Miron Freres, when you made arrangements for further additions, to carry out the specifications in which it was stated that the unit prices would be continued?—A. Yes. I will give you the date of the letter.

Q. Just a moment. Did you continue with Miron Freres at 50 cents?—A. I told him to do it and he refused.

By the Chairman:

Q. Did you have a letter to which you were going to refer?—A. Yes. I will read it in French if you do not mind.

19 septembre 1948.

RECOMMANDÉE
MM. Miron & Frères,

IMPRIMERIE NATIONALE À HULL

J'ai reçu une lettre de monsieur Gustave Brault, architecte en chef du Département des Travaux Publics, me transmettant la décision du Député-Ministre de vous donner ordre de continuer les travaux d'excavation jusqu'au roc d'après les termes de votre contrat, soit

\$3 la verge cube pour le roc, et
50c. la verge cube pour tout autre matériau.

Veuillez donc procéder en conséquence.

Bien à vous,
Ernest Cormier.

By Mr. Walker:

Q. This was your suggestion?—A. It is not a suggestion. I had to follow that line.

Q. Who wrote the letter?—A. I did.

Q. To whom?—A. Miron Freres.

The CHAIRMAN: Would you like to have that translated?

An Hon. MEMBER: It might be a good idea.

The CHAIRMAN: Our secretary is completely bilingual and I think he could do it.

By Mr. Walker:

Q. Mr. Cormier can translate it. He translates beautifully.—A. I can do it, provided I am not too angry.

Q. Are you trying to take that out?—A. No. We are trying to put it in.

Q. If you are trying to put it in, I would appreciate if you would put in your original estimate of \$282,500.—A. Montreal, 19 September, 1949. Messrs. Miron Freres. National Printing Bureau, Hull. Messieurs: I have received a letter from Mr. Gustave Brault, architect-in-chief, Department of Public Works, transmitting to me the decision of the deputy minister to give you the order to continue the work of excavation down to rock according to the terms of your contract, being \$3 a cubic yard for the rock—or boulders of course—and 50 cents a cubic yard for any other material. Please proceed immediately with the work.

Q. Thank you. Then you recognized the legal obligation of Miron Freres to carry out the terms of his original contract to do it at 50 cents a cubic yard for fill and \$3 for rock?

Mr. PICKERSGILL: Would Mr. Walker permit me to ask one question at this point? I simply do not understand the situation.

Mr. WALKER: You are only in your first year in the law school.

Mr. PICKERSGILL: That is quite true, and you are only in your first year in parliament.

The CHAIRMAN: I think you are even.

By Mr. Pickersgill:

Q. My question is this, and it is purely for clarification: did the original contract oblige Miron Freres to go below the levels of 146 and 143?—A. Yes; for small amounts, adjustments. What could be interpreted as adjustments to contract, but not doubling of his contract.

Q. I have a further question. Is it not true that Miron Freres did excavate some considerable amount in addition to the 110,000 cubic yards at 50 cents?—A. Yes.

Mr. PICKERSGILL: That is all.

By Mr. Walker:

Q. Now, recognizing your responsibility, you wrote that letter. Did Miron Freres carry out your request?—A. No, they refused.

Q. All right. As a result, is there a written answer from Miron & Freres?—A. No, an interview at my office. He told me "you keep that contract; I do not want it any more".

Q. He told you that, yes. As a result of that, was he then allowed, within his obligations, to complete it at the original price?—A. No, he wanted the unit price to be changed according to unforeseen conditions he had had in the first portion of it; and then he told me "you will have to adjust this". I told him "I have no authority to make any adjustments; you must go to Ottawa, and see the deputy minister; he is the only one in authority".

Q. Mr. Cormier, as an architect, with wide experience, you are aware, are you, that you could have forced him to complete it on the original terms?—A. That is a legal point; it is out of my jurisdiction.

Q. And would you have done so if you had been given your own free will?—A. No.

The CHAIRMAN: Mr. Walker, I think that is a hypothetical question.

By Mr. Walker:

Q. Who eventually raised the unit price three times as much?—A. If you could put it otherwise "who raised the unit price".

Q. Yes; who raised it to \$1.50 per yard?—A. The deputy minister of the time.

Q. Without any authorization or suggestion from you?—A. Oh yes—

Q. He did it on his own?—A. No.

Q. Did you suggest that he should do?—A. Yes, certainly.

Q. You suggested he should raise it, triple it?—A. During the lapse of time, between the time I saw the condition of the surface and the time it was decided to go further, there was a lapse of time and I had interviews with Mr. Brault, chief architect, and we discussed that. Both of us realized that it was a very unfair commission for Messrs. Miron, and Mr. Brault wrote a memo to the deputy minister, stating the unit prices that should be applied, and I believe that before he did that he consulted Mr. Kemp—I do not know.

Q. Could you, Mr.—

The CHAIRMAN: Mr. Kemp is here; he can answer the question.

Mr. WALKER: Do you recall an interview with Mr. Brault?

Mr. J. O. KEMP (*Building Construction Branch, Department of Public Works*): No.

By Mr. Walker:

Q. Who was it who finally gave authority, Mr. Murphy, the deputy minister?—A. Yes.

Q. He arranged that verbally?—A. No, in discussing these prices with Miron & Freres he had been writing—I told the story yesterday—he had been writing—I know now, it was on a box of cigarettes—writing the unit prices that could be applied, and before leaving, Mr. Miron took that box away with him.

Q. So our deputy minister of public works worked this contract out on a box of cigarettes?—A. No!

Q. That is what you said?—A. Yes, but it could have been on the back of this pad—it does not matter.

Q. It is a big box of cigarettes—is there a letter confirming the change in contract and the reasons for it?—A. Yes—there is a memorandum from the chief architect—

Q. Where is it?—A. —to Mr. Murphy.

Mr. CHEVRIER: I put it on the file last week, and you are aware of it. I examined and cross-examined the general upon it.

Mr. CATHERS: Mr. Chairman, Mr. Chevrier was complaining about interrupting; now he is doing exactly the same—answering the question. Mr. Pickersgill is doing the same thing. I thought we had settled that last week.

By the Chairman:

Q. Gentlemen, I would like to clear this up. The memorandum of agreement between the contractor, Miron & Freres and the deputy minister, was noted on the back of a cigarette box, is that right?—A. At the interview.

By Mr. Walker:

Q. That confirmed the basis?

Mr. CRESTOHL: There was a written memorandum afterwards.

Mr. CHEVRIER: Mr. Chairman, I stated earlier that the memorandum covering the change in unit prices was put in as evidence last week by myself, and the reasons for going to rock, General Young who identified it—and he did, and it is on the record here.

By Mr. Walker:

Q. Mr. Cormier, I have one final question. In connection with this, in view of the contract which Miron & Freres was bound to continue at the same unit price of 50 cents, and in view of the fact that you raised it to \$1.50, did you ever get any legal opinion?—A. I did not raise it to \$1.50.

Q. It was raised by the Department of Public Works to \$1.50?—A. Yes.

Q. Would you say they got any legal opinion that it was fair and right to do so?—A. I had nothing to do with that; it was not my responsibility at all.

Q. You do not care about that?

Mr. CRESTOHL: He said it was not his responsibility.

The WITNESS: Do not interpret my words; just state them verbatim.

By Mr. Walker:

Q. If you are going to take that attitude as the architect, that you have nothing to do with the raising of unit prices, Mr. Cormier, I must ask you quite frankly, what sort of architect are you?—A. Just a minute ago I said I had something to do. I expressed an opinion to Mr. Brault, but it was not for me to take a position.

Mr. CHEVRIER: Mr. Chairman, I am going to ask you this question: are we going to have witnesses before this committee browbeaten by Mr. Walker; that is exactly what is happening?

Mr. WALKER: Unadulterated nonsense.

Mr. CHEVRIER: It is not; you have been browbeating the witnesses.

Mr. BELL (Carleton): That is just for the headlines, Mr. Chevrier.

Mr. PICKERSGILL: This is the most disgraceful conduct I have ever seen.

Mr. BELL (Carleton): You should be a good judge of "disgraceful conduct".

The CHAIRMAN: Gentlemen, order please.

Mr. CHEVRIER: Do you think these are proper questions to ask the witness?

Mr. WALKER: Because you are the clown of the House of Commons does not entitle you to become the clown of this committee.

The CHAIRMAN: Gentlemen, we are getting nowhere. We have a witness here and he is able to look after himself; he can reply to straight questions. Let us keep the political side out of this.

Mr. BELL (Carleton): The chairman will protect him.

Mr. CHEVRIER: He does not need any protection. You must remember there are sixty conservative members to five of us on this committee.

The CHAIRMAN: Gentlemen, can we continue with Mr. Walker.

By Mr. McGregor:

Q. Do I understand it right that the first 110,000 yards that was taken out of that cellar was for 50 cents a yard?—A. Yes.

Q. And then would you tell me how much was paid for that 110,000 yards. Never mind the cost of it—how much for the 110,000?—A. Multiply 110 by 50; do the calculations yourself, it is easy. Divide 110 by 2—\$55,000.

Q. And there was no increase of the first 110,000 yards?—A. None at all.

Q. What was the unit price in connection with the bid on the 110,000 yards?—A. 50 cents.

Mr. STEWART: Let the witness answer.

Mr. CRESTOHL: Just keep still.

Mr. CHEVRIER: Are you giving the instructions now.

By Mr. McGregor:

Q. The unit price was 50 cents a yard.

Mr. WINCH: Could we let the asides go by and get back to asking questions.

Mr. WALKER: Thank you very much, Mr. Winch.

By Mr. McGregor:

Q. I am asking a question; how much was paid? Did you say that 50 cents a yard was the unit price the contractor was supposed to get for additional work? How was he paid for the additional work?—A. He did not accept that unit price.

Q. I am not asking you that. According to your contract, you could force him to do that job at 50 cents?—A. No.

Q. No?—A. I could not double the contract; that is not fair.

The CHAIRMAN: The question is easy to answer if you refer to the specifications for excavation. One of the exhibits produced—and I refer you to paragraph 16 "additions and deductions" states:

The unit prices quoted shall apply to the changes as if these had been incorporated in the original plan and specifications.
and it goes on:

No extra work shall be recognized by the department unless the contractor has first obtained a written order therefor from the engineer.
There was a qualification.

Mr. McGREGOR: It definitely says the contract unit price for extension of excavation will be 50 cents a yard?

Mr. WALKER: That is right.

Mr. PICKERSGILL: Could I ask a question?

Some Hon. MEMBERS: No, no!

By Mr. Pickersgill:

Q. How much additional work was done at 50 cents over and above the 110,000 cubic yards?—A. None.

The CHAIRMAN: Mr. Walker, will you continue?

The WITNESS: It is because there was no change in the plans. That did not apply to the total contract.

Mr. CHEVRIER: How much additional work was there beyond the 143-146 level?

Mr. WALKER: Mr. Pickersgill, when you come to Osgoode I will let you be my article student.

By Mr. Walker:

Q. Mr. Cormier, we will now proceed to something which is non-contentious.—A. Good.

Q. Do you not agree, Mr. Cormier, that it would have been a much easier job for you in regard to this whole building if there had been one principal contractor with one over-all tender?—A. Certainly not.

Q. Certainly not?—A. The government would have lost \$234,000 by that.

Q. \$234,000?—A. Actually the increase which he—

Q. How many millions did they lose as a result of this?

Some Hon. MEMBERS: Let him finish his answers.

The WITNESS: I have \$354,804.87 for contracts Nos. 1, 2, 3, 4 and 5, and for the last one I have figured \$334,700 on which my suggestions were not followed.

By the Chairman:

Q. What are these you are referring to?—A. I am referring to contract No. 1, the general excavation.

Mr. CHEVRIER: Ask him what he is dealing with.

By the Chairman:

Q. Yes, what are you dealing with?

By Mr. Walker:

Q. Would you be good enough to tell me what you are talking about?—A. I am answering your question.

Q. Yes, what is it?—A. Your question was—would the reporter read it?

Q. Would you be kind enough—I will repeat it—to tell us whether it would not have been much simpler for you to have had one over-all contract with a principal contractor?—A. Oh, yes, I did not understand your question. Yes, it would have been much simpler for me.

Q. It would have been much simpler for you?—A. Yes, but it would have been to the disadvantage of my clients.

Q. It would have been to the disadvantage of your clients?

By the Chairman:

Q. You were proceeding to tell the committee your estimate of how much was saved.—A. How much was saved on separate contracts.

Q. Will you tell us?—A. In regard to the first contract, \$24,188.50.

Mr. WALKER: What is that for?

The CHAIRMAN: That is for contract No. 1.

The WITNESS: \$24,188.50.

By Mr. Walker:

Q. Yes?—A. In regard to contract No. 2, \$24,148.92.

Q. That was for contract No. 2?

The CHAIRMAN: That was for contract No. 2.

The WITNESS: That was the foundation.

By Mr. Walker:

Q. How much was it?—A. \$24,148.92.

Q. Yes?—A. In regard to contract No. 3, \$7,382.50.

Q. Yes?—A. In regard to contract No. 4, \$217,814.93.

By the Chairman:

Q. It was \$207,000 was it not?—A. \$207,814.93.

In regard to contract No. 5, \$91,320.30, making a total of \$354,804.35.

By Mr. Walker:

Q. All right. Now, we will deal with those as we go along.

Would you be good enough to tell me—A. I still have something else in regard to contract No. 6.

The CHAIRMAN: Complete it, will you please?

The WITNESS: In regard to contract No. 6 for elevators, \$47,500; for mechanical, \$194,700; for electrical, \$92,500, making a total of \$334,700.

There is a further \$25,230; for the ventilation and air conditioning equipment—that was farmed out to Ernest Leblanc and could have been bought separately.

Mr. WALKER: All right.

The WITNESS: That makes a total for contract No. 6 of \$359,930.

By Mr. Walker:

Q. How much?—A. \$359,930.

Q. Yes.

All right, we will deal with those as we go along, then, for each contract. Would you tell me how you saved the government \$24,188 on the first contract which you estimated at \$282,500, and which was done for \$55,000?—A. That is because of separating the contracts according to specialties.

Q. Yes.—A. I had the chance of getting a specialist to do the work. It happened that Miron & Freres did it. It would have happened with Dibblee. The general contractor did not have the proper equipment to do the job therefore he is forced to give higher prices.

Q. Would you be good enough to tell me now, in respect of Miron & Freres, how you arrived at the figure of \$24,188 which you say you saved the government by taking a separate contract?—A. Because when any contract is farmed out the general contractor reserves the profit on that. That is added to his price.

By Mr. Winch:

Q. Does Miron & Freres also get the profits?—A. He is the specialist. He does his own work. In respect of Dibblee Construction it is the same thing.

By Mr. Walker:

Q. If you had the general contractor, Miron & Freres, who had contracted to excavate 110,000 cubic yards at 50 cents with additions at the same unit price they would have been forced to do it at the same unit price?—A. No.

Q. No?—A. He would have refused.

Q. He would have refused?—A. Yes.

Mr. McGREGOR: What good is a contract?

By Mr. Walker:

Q. What good is the contract?

The CHAIRMAN: The contract is there, it speaks for itself. Let us not try to interpret it.

By Mr. Walker:

Q. Mr. Cormier, is the \$24,188 the profit that the general contractor would have made, as you have suggested in respect of the Miron & Freres deal?—A. Certainly.

Q. I see. Are you suggesting that he would make a profit of 10 per cent?—A. Yes.

Q. A profit of 10 per cent?—A. But of course, that is not a fixed amount. Some will be 5 per cent, some 10 per cent. It is set according to the individual companies.

Q. In respect of all these contracts which you have given me you have taken this at 10 per cent?—A. Generally at 10 per cent.

Q. I am suggesting to you—A. It could be reduced, but when there is a general contract and we ask for an addition, something that was not foreseen, he submits his bid and he adds 10 per cent to it, and that is the price that goes in.

Q. If you had given a general contract for the whole thing on an over-all tender call in 1949, would you not have avoided all these extras?—A. No.

Q. Why not? They all would have been included, would they not?

The CHAIRMAN: Let him answer.

The WITNESS: This is the answer. I cannot answer that verbally.

By Mr. Walker:

Q. Would you have avoided the increased cost of living and the increased index and prices?—A. Some of them.

Q. Would you have avoided the time lapse and this building would take three years instead of ten?—A. Oh, no, just the reverse.

Q. Just the reverse, all right, we are going to come to all these things. It would be just the reverse. Would it not have been to the interest of the general contractor to have cleaned up the building as quickly as possible?—A. No.

Q. All right, now—A. Before going to the other question—

Q. Just before—

The CHAIRMAN: Let him answer.

The WITNESS: Before I forget what I said there, let me answer, rather than you tricking me into giving wrong answers.

Mr. WALKER: Mr. Cormier, that is the last thing I want to do.

The WITNESS: You are talking about delays, let me speak of delays.

First, there was never any delay in my plans. My plans were submitted from one contract to another. My plans were always given to the department before a previous contract was finished so that they have never waited for my plans. That is one thing. The delays resulted from various causes.

Mr. WALKER: I know there were delays. We all know that.

The CHAIRMAN: Let him answer.

The WITNESS: That is the only thing.

By Mr. Walker:

Q. Would there have been delays—

The CHAIRMAN: Just take your time in answering.

Mr. WALKER: What was that, Mr. Chairman?

The CHAIRMAN: I am telling him to take his time.

Mr. WALKER: Definitely, take all the time in the world.

An hon. MEMBER: We are going to be here until Christmas anyway.

The WITNESS: There was one delay that was due to the steel controller. That delay amounted to more than six months. I will give you the exact length of time in a few minutes if I have time. Anyway, you can see by the chart that that was nearly one year.

By Mr. Walker:

Q. Coming back to this principle of a main contractor getting the whole job—A. I might finish dealing with delays, or we could come back to it later, then.

Q. We are not speaking of delays at the moment. One main contractor would be responsible for the whole job, would he?—A. Yes.

Q. You could go to him and say, "See here, you are under contract. You finish this on the terms set out for which you have bid", is that correct, Mr. Cormier?—A. Yes.

Q. And it would be in his interest—A. That would be qualified.

Q. It would be in his interest to finish the building as quickly as possible, would it not?—A. Yes.

Q. All right. It would also be in his interest to order his steel well in advance because he would know, when he came to the different stages, what he would need?—A. Yes.

Q. And he would have your plans and specifications complete, would he not?—A. Yes.

Q. Yes.—A. Except for all the changes which were asked for during the construction.

Q. Yes, and a lot of omissions?—A. Those changes were tremendous.

Q. And a lot of omissions and errors could have been avoided, could they not?—A. No.

Q. Now, we will see.

Is not one of the disadvantages—A. There were no errors anyway. He will have to prove it. He says there were, he will have to prove it.

Q. We will just discuss now, Mr. Cormier, the disadvantages of partial tenders when we have a company, in this case Concrete Construction Company, along with their equipment—A. There is no equipment for general excavation, they have not the equipment.

Q. Miron Freres was general excavation. I am talking about the Concrete Construction Company.—A. Oh yes.

Q. When they are in there does it not discourage for these other tenders competition from others?—A. That I could not say; I am not in the minds of the others.

Q. As a matter of fact, the number of tenders fell from eight to three once the Concrete Construction Company got there, for the other tenders?

Mr. CHEVRIER: Not in every case.

The WITNESS: Oh no.

The CHAIRMAN: It does strike me, gentlemen, that we are wandering a bit.

The WITNESS: You are not finding facts at all.

The CHAIRMAN: This witness is here to answer questions as to facts. Whether there should have been a general contractor, I really think that is beyond our scope.

Mr. PICKERSGILL: At this point, Mr. Chairman, I would like to raise a question of privilege. I asked Mr. Cormier whether any additional cubic yards of excavation had taken place at the 50 cent rate. If honourable members would turn to page 181 of the evidence they will find in answer to a question by me, General Young told us that the evidence indicates the unit price of the contract referred to 110,663 cubic yards, and another 9,326 cubic yards of B material at 50 cents per cubic yard. I am sure Mr. Cormier misunderstood my question when I asked whether there was more than 110,000 cubic yards. It is clearly given in evidence here that there was 119,326 cubic yards at 50 cents.

By Mr. Walker:

Q. Mr. Cormier, as a result of the experience with this building did you know that the government will not allow now on buildings of this kind partial tenders?—A. There are lots of new rules in the department that I do not approve of, and that the contractors do not approve of. There are protests from the builders exchange on that.

Q. You do not approve then of the government—A. You asked an opinion on it and I gave it to you.

Q. I wonder is this more important to the government of the people of Canada or the contractors?—A. It is not the government; it is not the government.

The CHAIRMAN: Do not answer that question.

Mr. Walker, do I follow you? If your eventual purpose is to try to help the committee in reaching a conclusion as to what we should include in our report, then I can understand; but your last question—

Mr. WALKER: Yes, it is.

The CHAIRMAN: To improve methods and procedures?

Mr. WALKER: Yes, and I am suggesting that these partial contracts have cost the taxpayers of Canada several million dollars more than it would have cost them if we had had one overall contract.

Mr. CHEVRIER: And the witness said he could save money.

The WITNESS: Did you in your career do as much construction work as I did?

Mr. PICKERSGILL: We have the opinion of a freshman parliamentarian against the most eminent architect in Canada.

The CHAIRMAN: Mr. Walker, take a drink of Walker—water.

Mr. BELL (Carleton): Are you serving?

Mr. WALKER: Why is the chairman confining me to water?

By Mr. Walker:

Q. Another question, Mr. Cormier: these are all leading up to the eventual unveiling of the facts. Why did you never submit your estimates with the plans and specifications; you were always late?—A. I never was late.

Q. Did you at any time in all the six contracts—A. I just said the reverse of what you are saying.

Q. Did you ever submit your estimates with your plans and specifications at the same time?—A. No.

Q. Never did?—A. No.

Q. All right.—A. Let me answer for you.

Q. I am giving you all the time in the world to answer.—A. The plans and specifications were delivered to the department, and from that time I started making my estimates, and my estimates were always given in before the tenders came in. That is the procedure. I cannot make an estimate without the final specifications made and the plan finished. Then you can make an esitmate. So I had to start only when the plans were delivered to the government and the estimates always came before the opening of the tenders.

Q. Did you know that since that time and as a result of the experience on this building, the government has another rule, that all estimates must be filed with the plans and specifications; did you know that?—A. I did not know of anything. I am not concerned with it. I will never get anything from the present government organization.

Q. I will be surprised if you get anything from anybody?—A. That is your opinion.

The CHAIRMAN: I think the reporter should strike that last remark from the record. We are dealing with a famous architect.

The WITNESS: There will be other headlines in the paper.

The CHAIRMAN: Your reputation can take it.

By Mr. Walker:

Q. Why are you not concerned that the estimates should be known to the government before a tender call goes out on plans and specifications?—A. I have never been asked to do this before.

Q. You have never been asked to do it before?—A. No, they want my estimate to see whether the tenders that come in are unclear or mistaken. That is the purpose of that estimate. Do not confuse it with other estimates.

Q. Are you suggesting then?—A. Do not confuse it with other estimates.

Q. Because with no private company outside the government have you ever submitted your estimate to your client first?—A. Certainly, very often. I would say the United Nations headquarters in New York, I did not submit any estimates for that.

Q. They would not care how much it cost.—A. You think so? They had to cut the expenditure in two.

Q. And who else?—A. The university of Montreal.

Q. Yes?—A. The court houses—the Supreme Court of Canada and the court house in Montreal, just at the beginning of my career.

Q. All public works; but in your whole expeirence as an architect over a period of 50 years, I suggest—A. 52 years.

Q. Exactly: 52 years: I congratulate you on it: that no private client has ever allowed you to let out plans and tenders without knowing what it was going to cost him first.—A. I never work for private clients. The job must be very large, otherwise I would lose my shirt the way I do things.

I spend so much time in studying, and I go so deeply into matters that I cannot afford to do private houses, and things of that kind.

Q. Your whole life has been devoted to these four contracts. Is that it?—
A. There have been others. I have done a number of things, such as churches in the United States.

Q. On every other contract that you have done, before tendering, before sending out your tenders, you have always given your client an estimate?—
A. No. They have asked me for a preliminary estimate on sketch plans.

Public organizations will say that they need a building, whatever the cost.

Q. Was that your understanding in the case of the printing bureau?

The CHAIRMAN: Let him answer.

By Mr. Walker:

Q. Go on, I apologize. Were you not finished?—A. No. You cut me off in the middle of a sentence.

Q. Then I apologize. Please go on.—A. With a public organization, whatever they are, they establish the necessity for a building, or such a building. They establish a program, and they must have on that program whatever the cost would show; so it makes a very different atmosphere than in the case of a private client.

Q. In deed it does!—A. So I say that if I have not got the money I cannot build.

Q. Was that the case with the printing bureau?—A. Certainly. Must you force me to answer one thing which is within the realm of the government, not mine?

Q. Exactly. I am not holding you responsible for the government; but did the government not inquire at any time how much this unit would cost?—
A. I do not know that.

Q. You have no knowledge of having been asked by anyone?—A. No.

Q. Thank you.—A. If you are talking about that \$6 million, I do not know where that estimate came from.

By the Chairman:

Q. What was your estimate?—A. I did not make any at that juncture, at the beginning; and as to that estimate you were talking about, I do not know who made it, whether it was estimated on plans or sketches or anything at all. It was taken out of the air.

The CHAIRMAN: That is a quote from Mr. Pickersgill.

The WITNESS: Is it?

By Mr. Walker:

Q. With respect to these six contracts, General Young put in dates the other day; the tenders were called on one date, for a certain date, and the tenders closed on a certain date?—A. Yes.

Q. And almost as if by arrangement, your estimate would go in just a couple of days before the tender calls were closed?—A. I cannot work faster than that.

Q. Which means— —A. I cannot work faster than that. When bidders establish their tenders I start working about the same time.

Q. It is true that when you draw up plans and specifications you do so without any regard to it as far as cost is concerned?—A. That is entirely wrong. The question of cost is always in my mind. I try to save something here in order to put it there.

Q. You never start to make an estimate until after the tender calls go out for public tender?—A. It is always present in my mind during the time I work. I do not see why all these questions are asked. They do not give you any more of the facts that you want to find.

Q. Thank you. Let the committee be the judge of that.—A. Yes.

Q. As far as Mr. Murphy is concerned, did he ever suggest to you that your building was too expensive?—A. Yes. At one time we had a special meeting in the presence of Mr. Powers, Mr. Cloutier and myself. There was a very hot discussion on the part of Mr. Cloutier and Mr. Powers. Mr. Murphy wanted to reduce the final cost; but there were no figures mentioned. It was only by seeing what was contemplated that you could reduce. Moreover there was that set back, and that done was against the hard protest of Mr. Powers and Mr. Cloutier.

Q. Did the hon. Mr. Fournier ever discuss costs with you? He was the minister at the time.—A. No.

Q. Never at any time?—A. No.

Q. We have an order in council dated May 24, 1948. Please keep it in mind that we have an order in council of that date, and that you were formally employed by the government on May 26.—A. Yes.

Q. You told us that yesterday. Have you got the order in council?—A. Mr. Cormier, this is the order in council which has been already read into the record.

Mr. PICKERSGILL: Is it in the record?

Mr. WALKER: I read it at the first meeting.

Mr. PICKERSGILL: Where is it in the record.

The WITNESS: It is dated May 26, 1948.

Mr. BOURGET: Are you sure it was read?

Mr. WALKER: I will be very happy to read it again. It was the one about \$6 million.

Mr. PICKERSGILL: I have read the record several times and I might easily have missed it, but I have not been able to find it.

Mr. WALKER: It is dated May 20, 1948.

Mr. PICKERSGILL: I suggest it be read.

The CHAIRMAN: Why do you not read it into the record, Mr. Walker?

Mr. WALKER: My friend has produced it here at page 61 of the minutes.

Mr. PICKERSGILL: I am looking at page 61, and I see a reference to it, but I do not see the text of it there:

This is a true copy of the minutes of the committee of the Privy Council approved by his excellency the Governor General, on the 25th of May, 1948. Do you wish, Mr. Chairman, for me to read that?

Q. No.

I think at this time the committee would like to have it read in full.

Mr. BELL (Carleton): This is quite lengthy. Why do we not have it printed as an appendix to today's proceedings?

Mr. PICKERSGILL: I think that if questions are going to be asked on this that the witness is entitled to have it read.

The CHAIRMAN: Will you read it?

Mr. WALKER: Yes.

Certified to be a true copy of a minute of a meeting of the committee of the Privy Council, approved by his excellency the Governor General on the 20th May, 1948.

The committee of the privy council have had before them a report dated 13th May, 1948, from the Minister of Public Works, representing:

That an amount of \$200,000 is included in the main estimates (Item 346) submitted to parliament for the fiscal year 1948-49 for National Printing Bureau;

That the chief architect of the Department of Public Works in view of the pressure of work in his drafting room, considers it advisable

to secure the services of an outside architect for the preparation of plans and specification and the subsequent supervision of construction of the proposed building, the estimated cost of such work being \$6,000,000;

That the deputy minister of public works concurs in the above recommendation and advises the engagement of Mr. Ernest Cormier, R.C.A., F.R.I.A., F.R.A.I.C., M.E.I.C., Architect, Engineer of Montreal, P.Q., on the terms and conditions attached hereto.

The committee, therefore, on the recommendation of the Minister of Public Works, advise that authority be granted for the employment of the services of Mr. Ernest Cormier for the preparation of plans and specification of the proposed National Printing Bureau on the terms and conditions attached, and on request to carry out the supervision of construction of the said building in accordance with Clause V of the terms and conditions.

Then the terms and conditions are set out.

Mr. PICKERSGILL: I would like to have them read also.

Mr. WALKER: If you want.

Mr. PICKERSGILL: I do not think it is fair to ask the witness to give evidence on this unless it is read.

Mr. WALKER: It would take me until eleven o'clock.

Mr. PICKERSGILL: If you prefer to defer this to the next meeting, that would be satisfactory; but there should be no questions asked on it now.

By Mr. Spencer:

Q. Had you received a copy of the substance of that order in council? You were employed on May 26 and that order in council antedates May 26.—A. May 24. I was notified on May 26.

Q. Did you ever receive instructions based upon that order in council?—A. I received a letter saying I was appointed to make plans and specifications. There was no mention of \$6 million.

Q. May we have that letter?

The CHAIRMAN: I am sorry to interrupt; but are you going to produce this, Mr. Walker?

Mr. WALKER: I thought it had been produced once before.

Mr. PICKERSGILL: We would save a lot of time if we make it an appendix to the minutes of proceedings and evidence and if Mr. Walker asks his questions tomorrow.

The CHAIRMAN: Is it agreed that we will produce this as an appendix to today's evidence?

Agreed.

(See Appendix "C")

Mr. SPENCER: I would also like put in the letter to which the witness refers.

By Mr. Walker:

Q. Would you be good enough to read it into the record?—A. I do not have it.

Q. You must have it in your files.—A. I have about a dozen filing cabinets on this job. I could not bring them here.

Mr. WINCH: It was referred to in yesterday's evidence and appears on page 2 of the translation.

Mr. BELL: Could we have a copy of it?

The CHAIRMAN: Mr. Winch's point is well taken. If you refer to the translation of the questions asked by Mr. Dorion, you will see that the matter was discussed in detail. Perhaps the members of the committee would wish to refer to that first before proceeding.

By Mr. Walker:

Q. Mr. Cormier, these certified minutes of the Privy Council state that the estimated cost of this building would be \$6 million?

Mr. PICKERSGILL: I thought it was understood that we would not have any questions on this order in council at this time.

By Mr. Walker:

Q. That is the terms and conditions. I am referring to the minutes of the Privy Council. Did you discuss with Mr. Brault, who was the chief architect, or Mr. Murphy, or the hon. Mr. Fournier, the cost of this building before May 24?—A. Before that I had nothing to do with it. I did not know that would fall on my head.

Q. You had nothing to do with it?—A. No.

Q. When was it that you completed your preliminary sketches?—A. There were no preliminary sketches; I said that yesterday—just drawings. You do not call them sketches, but all the equipment is shown on it.

Q. Now I understood you had filed with Mr. Brault in April 1948 certain preliminary sketches; is that correct?—A. No, I do not recall them at all—

Q. And is it a fact?—A. —and I could not find them in my files.

By Mr. Pickersgill:

Q. April 1949—that was given in evidence?—A. These are not sketches; they are drawings. That has the title printed on it, and that is what you have got on the record as an exhibit.

By Mr. Walker:

Q. The first floor was filed on June 14, 1948?—A. Yes. That is a preliminary drawing, not a sketch.

Mr. CHEVRIER: Excuse me, Mr. Walker, the first floor was July 14, 1948.

By Mr. Walker:

Q. When was the second floor?—A. June 14, 1948.

Q. They did the second floor first. When is the third floor?—A. July 14, 1948.

Q. Then, Mr. Cormier, did you do whatever you call these preliminaries between May 26 and June 14?

Mr. CHEVRIER: He said yes.

The WITNESS: Yes, during that portion of the year, yes.

By Mr. Walker:

Q. As far as you are concerned then, is it correct to say that up until the time this order to the privy council went through, you had never been consulted in connection with this building?—A. That is right.

Q. That is right, fine. And have you any idea where the government got the figure of \$6 million?—A. No.

Q. No idea at all?—A. No.

Q. And you cannot even conjecture as to where it was from?—A. No, I do not know; that would all depend on the nomination of Mr. Powers. That may be the source—I do not know.

Q. So as far as consulting any expert, like yourself, it was never done?—A. I do not know.

Q. And the order in council was passed, as far as you know, without any consultation with you?—A. I do not know. How could I know?

Q. All right, that is fine. Carrying on, now then have we not a very odd pattern, Mr. Cormier, which I would like you to explain, and I am not sure —there must be an explanation to it; every tender call went out without first an estimate being filed with the government; correct?—A. Yes.

Q. Secondly, every estimate you made went in just before the tenders closed?—A. What do you mean, "just before"?

Q. Forty-eight hours General Young said.—A. Yes, at certain times; sometimes it was much more—

Q. Every estimate which you made was greatly in excess of the highest of all the bidders in each of the six contracts?—A. That I must verify, and that would not be—

Q. Would you do that overnight?

Mr. CHEVRIER: That is not correct.

By Mr. Walker:

Q. We will go over them; they are all here.—A. And that is how the architect's estimate should be.

Q. Always should be higher than the contract?—A. Certainly—no, the price given by responsible bidders.

Q. Then, are you suggesting that you should have estimated \$282,500 for a job on No. 1 contract that was done for \$55,000?—A. It was not done for \$55,000; that is entirely wrong. I told them twice yesterday I estimated \$282,000 and the job was done for \$232,000.

Q. No.—A. Yes, that is the thing.

Q. Mr. Cormier, your estimate— —A. How much did we bid Miron—\$252,000; how much did I tell the government to set aside for that—\$282,000—there is a mistake there.

Q. Now, we will go over all these estimates very briefly. The first estimate in 1949, you bid \$282,000; your estimate was \$282,000?—A. That is right.

Mr. STEWART: And 500.

By Mr. Walker:

Q. And the second one—we have not his bids here though.

Mr. DRYSDALE: Yes, we have.

Mr. CHEVRIER: These are all given in the estimates.

By Mr. Walker:

Q. Where are the estimates on page 112? Here they are at page 161, gentleman. No. 1 contract, \$282,500; No. 2 contract, the highest bid was what?—A. Tell my estimate first and then tell the other bids. My estimate was \$204,730.

Q. All right, I have it now. Thank you, and I am sorry to delay all of you.

The CHAIRMAN: Mr. Walker, to what are you referring?

By Mr. Walker:

Q. Page 161 of the evidence as to the estimates. Now, in the second contract Concrete Construction bid \$154,000. The highest of five bidders bid \$217,000 odd, and your estimate was— A. \$204,000.

Mr. CHEVRIER: \$204,730.

By Mr. Walker:

Q. Yes, \$204,730.—A. That is quite in order.

Q. Yes, that is only \$50,000 more than the actual contract that was let to Concrete Construction?

Mr. PICKERSGILL: That is less than the highest bid.

Mr. CATHERS: Mr. Pickersgill, are you answering the questions?

Mr. PICKERSGILL: I was just pointing out that Mr. Walker had made an error.

Mr. WALKER: I beg your pardon.

Mr. PICKERSGILL: I was just pointing out that Mr. Walker had made an error.

Mr. WALKER: I was in error on that, that is right.

In regard to contract No. 3 the lowest bid was \$70,000-odd and the highest bid was \$124,000 and your tender was—

Mr. CRESTOHL: Estimate.

By Mr. Walker:

Q. Your estimate was \$125,000 so it was given—A. That is in respect to contract No. 3, you say?

The CHAIRMAN: Contract No. 3.

The WITNESS: No. 3 contract is for the diesel generators.

By Mr. Walker:

Q. Yes. You were approximately \$45,000 more than the price that was finally granted for that?—A. Yes. What was the highest bid then?

Mr. PICKERSGILL: Exactly the same.

By Mr. Walker:

Q. You were still higher, were you not?—A. Higher than the lowest bid, but very much lower than the highest bid.

Q. Mr. Cormier, when you made these estimates did you have any knowledge as to what the highest bid was?—A. No.

Q. None?—A. No.

Q. Did you have any idea of what any of the bids were?—A. No.

Q. In five of the six contracts you always happened to get your estimate higher than the highest bidder?—A. That is a coincidence.

Q. That is why, it is just a coincidence?—A. That is right.

Mr. BOURGET: That does not prove a thing.

Mr. WALKER: The first contract then was estimated at 333 per cent more than the contract and the second contract was estimated at 52 per cent more?

Mr. CHEVRIER: That is not correct with reference to the first contract; he has already explained that.

Mr. BELL (Carleton): Certainly it is correct.

Mr. WALKER: The facts speak for themselves.

Mr. BELL (Carleton): The facts speak for themselves.

Mr. WALKER: In regard to contract No. 4, and I apologize for making haste slowly, we have three bids: the Concrete Construction in the amount of \$1,771,000; Cape & Company in the amount of \$1,880,000 and the Foundation Company in the amount of \$7,070,000.

Mr. BELL (Carleton): It was \$2 million—

By Mr. Walker:

Q. Excuse me, \$2,070,000. Your estimate was \$2,403,000?—A. Yes, but on that estimate you must add the ramp section which is \$249,000, so that my initial estimate on that would be \$2,652,000.

Q. But, Mr. Cormier—A. And we executed the work for \$2 million.

Q. Mr. Cormier, I am suggesting to you that the tender call that went out did not include that concrete ramp. If it did, I would like to see where it did. General Young said—A. In my mind at the time, I wanted that to be included.

Q. Are you telling us what was in your mind?—A. Certainly.

Q. Or are you telling us what was in the plans and specifications? We want to know, Mr. Cormier, what was in your plans and specifications. Did you, in your plans and specifications, provide for a ramp originally?—A. Yes. You are going to check me on the words there. I always had a ramp in that project from the start.

Q. Yes, but in regard to the matter of Concrete Construction Company's bid, was there a ramp in the plans and specifications on which they tendered?—A. There was, but they were told to stop before they did the ramp.

Q. Yes, exactly.—A. It was my intention on the unit price to add the ramp when the data was ready for me.

Q. Please do not hedge with me.

The CHAIRMAN: He is not hedging.

Mr. CHEVRIER: That is entirely irregular. You have no right to say that to the witness.

By Mr. Walker:

Q. Then it is correct, Mr. Cormier, that in respect of the plans and specifications on which all these people tendered, they did not tender including that ramp, is that right?—A. That is right.

Q. Why did you not say so originally?—A. Because that was not the question.

Q. When you made your estimates, Mr. Cormier, which went in two days before the tender calls on each occasion, did you put in your estimate on the plans and specifications that went in, or on extras which were in your mind and were to come in later on?—A. I had the extras which were in my mind to come later on.

Q. Did you, now? What do you think of that!—A. Yes, that was exactly on the question of excavation.

Q. Could I see—A. I thought that I would have to go back to the government. I thought perhaps I would have to go back to the government for extra money and that I would put it in my estimate at the time.

Q. Could I see where you included the ramp in your estimate of \$2,400,000?—A. It is not on the document.

Q. It is not in there, is it?—A. It is not on the document, it is in my estimate in my office.

Well, now—

The CHAIRMAN: Let him finish his answer.

The WITNESS: It is not on the document I sent to the government.

By Mr. Walker:

Q. It is not on the document you sent to the government?—A. I give the result. I do not give all the details as to how that result is arrived at.

Q. You give details though, do you not?—A. No.

Q. But you did not include the ramp?—A. No, I do not give details.

Q. That was in your—.—A. If you have a copy of that estimate you will see that.

Q. I would like to see your estimate.—A. Well, I will have to—

Q. All right, in regard to contract No. 5—

The CHAIRMAN: Just a minute gentlemen. It is almost eleven o'clock.

May I draw to your attention that this afternoon at 2:30 we will consider paragraphs 27 to 34 inclusive of the report of the Auditor General to the House of Commons for 1957. That is an item on postage on, newspapers and periodicals. The witnesses will be Mr. Sellar, Auditor General and Mr. Boyle, the Deputy Postmaster General.

Mr. MORTON: Mr. Chairman, in view of the fact that the session is drawing to a close and we are progressing quite slowly in this program, and in view of the fact that we do not wish to meet during the hours the house is sitting, I am going to suggest that we lengthen our hours by meeting from one o'clock today and tomorrow, and tomorrow night. I am going to move now that we meet at one o'clock today.

Mr. VILLENEUVE: I will second that.

Mr. PICKERSGILL: Mr. Chairman, it is eleven o'clock and the meeting has—

Some hon. MEMBERS: Oh no, no.

Mr. MORTON: Mr. Chairman, some of the members have not had a chance to ask questions of some of these witnesses. We feel that some of the members of the committee should have that opportunity, but because of the delaying tactics we are—

The CHAIRMAN: Just a minute. Will you leave that in the hands of the steering committee?

Mr. MORTON: No, it is—

Mr. PICKERSGILL: It is eleven o'clock.

The CHAIRMAN: It is quite impossible to discuss the matter here in an intelligent fashion, in view of the time.

Some Hon. MEMBERS: Put the question, put the question.

Mr. PICKERSGILL: That motion was made after eleven o'clock.

Mr. DRYSDALE: No it was not, the bell is just ringing now.

Mr. MORTON: Mr. Chairman, I was on my feet before eleven o'clock.

Mr. PICKERSGILL: It certainly was not seconded before eleven o'clock.

Mr. WINCH: Mr. Chairman, I just want to say that I think that it is unfair to bring in a motion of this kind just at eleven o'clock, especially when we have already decided to sit at 2:30 in regard to other work. Perhaps starting tomorrow it might be all right to meet earlier, but we have already decided to meet at 2:30 on other business.

Mr. MORTON: All right, make it one o'clock tomorrow.

Mr. CHEVRIER: No.

Mr. PICKERSGILL: No.

The CHAIRMAN: Would you care to leave that in the hands of the steering committee?

Mr. MORTON: No. I am afraid I must object to that suggestion. I will amend my motion to read one o'clock tomorrow and seven o'clock tomorrow night.

Mr. CHEVRIER: I am going to tell you here and now that if that motion passes I will not be here.

Some Hon. MEMBERS: Hear, hear.

Mr. CHEVRIER: Just one moment.

I have work to do in the House of Commons, and work that I intend to do until the end of the session. I cannot be in this committee and in the House of Commons at the same time. I cannot do both.

Mr. SMITH (*Simcoe North*): The House of Commons does not sit on Wednesday night.

Mr. CHEVRIER: That is one of the reasons we objected strenuously to morning sittings beginning at the time they do. This motion coming at this time is not only irregular but is unfair to those of us who have to work on the opposition side.

Mr. PICKERSGILL: That is right.

Mr. VILLENEUVE: Mr. Chairman, Mr. Pickersgill suggested that we consider another subject at 2:30 this afternoon when the house is sitting. Apparently he can find convenient time for that.

The CHAIRMAN: I would like to hear from Mr. Walker and—order, please!

Mr. PICKERSGILL: I did not suggest that at all.

Mr. WALKER: Mr. Chairman, I have the greatest respect for the chair and in an effort to back up the suggestion of the chair I would respectfully suggest to my very good friend Mr. Morton that the motion should be left to the steering committee, and I hope your suggestion will be carried out, Mr. Morton.

Mr. WINCH: And all parties are represented on the steering committee?

Mr. WALKER: Yes.

The CHAIRMAN: We will adjourn.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE
ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

TUESDAY, AUGUST 26, 1958

WITNESSES:

Watson Sellar, C.M.G., Auditor General;
Mr. George A. Boyle, Deputy Postmaster General.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserdan
Bissonnette	Hales	Nugent
Bourget	Hanbridge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Simcoe North</i>)
Carter	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Cathers	MacRae	Spencer
Chevrier	Martel	Stewart
Coates	McGee	Valade
Crestohl	McGregor	Villeneuve
Dorion	McMillan	Walker
Drouin	Morrisette	Winch
Doucett	Morris	Wratten
Drysdale	Morton	Yacula

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

TUESDAY, August 26, 1958.
(15)

The Standing Committee on Public Accounts met this day at 2:30 o'clock.
The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (Carleton), Bissonnette, Bourget, Bourque, Campeau, Carter, Cathers, Coates, Dorion, Drysdale, Fraser, Grenier, Hales, Hardie, Lahaye, Macnaughton, MacRae, McMillan, Morissette, Morton, Murphy, Nasserden, Pratt, Smith (Simcoe North), Spencer, Stewart, Valade, Villeneuve, Walker, Winch and Wratten—(32).

In attendance: Mr. Watson Sellar, C.M.G., Auditor General of Canada; and Mr. George A. Boyle, Deputy Minister, Post Office Department.

Mr. Watson Sellar was called, and supplied answers to questions which were put to him when he last appeared before the Committee.

Mr. George A. Boyle was called, and examined jointly with the Auditor General on Paragraphs 27 to 34 inclusive of the Auditor General's Report to Parliament for the year 1957, relating specifically to the postage on newspapers and periodicals.

Mr. Sellar tabled a letter addressed to him on August 5, 1958 by the Comptroller of the Treasury relating to audit practice on CF-100 contracts at Malton Airport.

Ordered: That this letter be printed as an appendix. (*See Appendix D*).

The Chairman announced a Steering Committee meeting in his office for this day at 6:00 o'clock.

Mr. George A. Boyle was retired.

At 5:05 o'clock the Committee adjourned until Wednesday, August 27th at 2:30 o'clock.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

AFTERNOON SESSION

TUESDAY, August 26, 1958.
2.30 p.m.

The CHAIRMAN: Gentlemen, we have a quorum. Just a few details. Mr. Watson Sellar, the Auditor General, is with us and later on I will introduce Mr. Boyle.

Certain members asked some questions several meetings ago and Mr. Sellar has indicated that he is ready to answer them.

Mr. Murphy, you had one or two questions?

Mr. MURPHY: Yes.

Watson Sellar (Auditor General of Canada), called:

By Mr. Murphy:

Q. You have the questions, Mr. Sellar, with you?—A. Yes. Mr. Chairman, the first question is in your proceedings, page 22. During the discussion on taking revenue into calculation for preparing the estimates, Mr. Winch stated that the practice was in effect in British Columbia, and I interjected then that I also thought it was in effect in Alberta. I, of course, was wrong while Mr. Winch was right. In Alberta they take not only actual expenditures but also accounts payable in reporting their expenditures.

Then, on page 45, Mr. Hales asked for a report on cost audit practice in connection with the CF-100 contract. I said that periodically we sent in a man but in the main we depended on the comptroller of the treasury, cost audit section. In the year in question we did not send in anyone. Therefore, I can file a letter from the comptroller of the treasury explaining his practice. Do you want that read into the record or make it part of the appendix?

Mr. BELL (Carleton): Make it an appendix.

The CHAIRMAN: Agreed?

Agreed. (*See Appendix D.*)

The WITNESS: Then, at the meeting on the sixth, Mr. Murphy asked about the \$900,000 trainer mentioned by the Minister of National Defence in the house.

In reply, the member referred to the question as to when this would become available. I have construed that to mean when was it on the market, not when we ordered it. This trainer was procured—

By Mr. Murphy:

Q. Mr. Chairman, it must be a question not directed by me. It must be someone else.—A. Anyway, the question was asked when it would be procured from the United Kingdom. The trainer has been ordered. It has been modelled on an installation in the Royal Navy tactical school at Woolwich in January 1957.

The national defence people tell me that while they are very hopeful of the machine it has not got all the things they were hoping to get out of the \$6 million project they abandoned.

Then, Mr. Murphy asked me a question with respect to a ship that was being constructed on the Pacific coast, and which the navy had to take over. The question was: who finished the boat?

The boat was towed from the yard, to the Esquimalt dockyards where it was completed by navy personnel.

Q. Again, Mr. Chairman, I am getting credit for asking intelligent questions I did not ask.—A. You will have to correct the proceedings there. You are down for both in the printed proceedings.

Subsequently, while I was not present, Mr. Murphy asked that I give two explanations, why a certain Sarnia company had been passed by in connection with contracts with Polymer and whether Mr. Barrington had received a gratuity when he retired as president. Both of those questions, sir, place me in a somewhat embarrassing position because both give rise to the question of government policy.

As you know, last week you took a vote in the house on whether the Canadian National should be required to put in the tenders that they had received in connection with the sale of ships, and that was voted down, as being contrary to policy for them to have to disclose it.

I can only ask as to the information you ask for, that I have a specific motion of the committee to back me up if you want it. My own opinion is, the proper way to get the information is to ask the Minister of Defence Production.

By Mr. Winch:

Q. Mr. Chairman, may I ask one question? This committee will not ask you to disclose anything which you feel is outside your responsibility. Can you give information which you think you have to give as the Auditor General to this committee?—A. I will give everything that I have, as Auditor General I give to the committee all that is within the practice of the House of Commons to give to members of parliament.

Q. You now have a doubt that certain things which have been asked for by the committee should be given by you?—A. I did not get the question.

By the Chairman:

Q. Do you feel you should not give this information, that the proper way is to ask the Minister of Defence Production?—A. Yes, because it is policy and it is not in my report.

Mr. MURPHY: Mr. Chairman, the reason I asked that question regarding the awarding of contracts by the Polymer Corporation was because the Auditor General in his statement to the committee mentioned that the lower bid was not always the one he would accept.

I inquired if that applied to crown companies, in view of the fact that this particular crown company had awarded a construction contract—you see, the sub-contract for electrical wiring, engineering, etcetera and sub-contracts of different types. That one firm was employing around 100 to 150 men. The firm had been getting the contract each year, and getting them on a basis of 2 per cent higher than another responsible bidder.

The Polymer Corporation, while it is a crown company, operates pretty much as a private company and the same would apply to the other question which I asked regarding the bonus given to the president. I am inclined to think that we should be able to obtain this information for the members of this committee and for the people of Canada, because here is a president

retiring from one position and going to a better one and given three month's bonus, some \$12,000 to \$15,000. I think it is a matter that concerns our committee.

The CHAIRMAN: It is certainly, Mr. Murphy, a matter of interest, but it does not come within the terms of reference, namely, the report of the Auditor General to the house for 1957. If information is required on that perhaps you could address yourself to the minister. Do you not think we should follow that practice? Otherwise, we are off on a tangent.

By Mr. Winch:

Q. Could I interrupt the question. You will in your knowledge over many years as Auditor General give answers to any questions which come within your purview outside a policy statement?—A. Yes.

Mr. MURPHY: Maybe he has the answer to the other question regarding the embassy in Rio de Janeiro. Have you, Mr. Sellar?

The CHAIRMAN: I hope you will not press that question; it is not included in our terms of reference, and I do not see how we can go off on that.

Mr. MURPHY: Well, I hope at the next session we will have the officials of the department, the deputy minister of the department of External Affairs, and also bring in the Department of Defence Production, because these are public moneys and one is nothing short of being scandalous. That Rio de Janeiro thing is one of the worst scandals I think we have had in this country in years.

The CHAIRMAN: Are we not getting off the track? I do not think we should make statements without having the facts—you may be right.

Mr. WINCH: I was wondering—we are on the twelfth meeting and I think it is most important we do something in regard to a consideration of the report and recommendations of the Auditor General. We are now giving consideration to certain aspects of the Auditor General's report for which specific purpose this meeting was called.

Mr. MURPHY: I am quite willing, Mr. Chairman, to let my question stand and come up at a later session when we have the two departments before the committee.

The CHAIRMAN: I doubt very much if it will come up this year because it is not in the terms of reference.

Mr. BELL (Carleton): I think we should say a word on our terms of reference. They extend to what appears in the public accounts as well as what appears in the Auditor General's report, as part of our terms of reference. I should think it most unwise if it were suggested—and I thought I gathered from your statement—that we were confined to the Auditor General's report. With great respect I say we are not; we have anything that appears in the public accounts.

The CHAIRMAN: You are quite right, and I stand corrected.

Mr. WINCH: But we have a certain procedure recommended by the steering committee and endorsed by the committee that we make certain studies, and I hope we can do that now.

Mr. BELL (Carleton): With that I do not agree.

The CHAIRMAN: Gentlemen, we are sitting this afternoon for the purpose as agreed upon by your steering committee.

We have the advantage of having with us the Deputy Postmaster General, Mr. George A. Boyle.

I would like to tell you one or two things about Mr. Boyle which will be a matter of interest.

In 1915 he joined the post office department as a junior clerk, and after 43 years he is now the Deputy Postmaster General. He has held a variety of positions in the postal service. He was regional director in Winnipeg, regional director in Vancouver, director of transportation in Ottawa, director of administrative services and chief executive officer and now deputy postmaster general.

Mr. Boyle is here to help us try to understand and explain paragraphs 27 to 34 inclusive of the report of the Auditor General to the House of Commons for 1957.

I suggest that our procedure be that Mr. Watson Sellar, the Auditor General, will start off and refer to paragraph 27 and then Mr. Boyle is prepared, I am informed, to answer any questions arising on that paragraph. Then, after that, paragraph 28 and then until we finish.

27. *Postage on Newspapers and Periodicals.* Postal revenue from mailings of newspapers and periodicals currently approximates \$6,000,000 annually, while the Post Office estimates that the cost of handling these is about \$24 million a year. It has never been legislative policy to fix rates to result in a self-supporting service, the aim being to encourage the dissemination of news, with some categories of newspapers and periodicals charged lower rates than others. Whether the \$18 million estimated difference between revenue and cost now benefits, in particular, the publisher, advertiser or subscriber is an imponderable; however, a review of practices causes the view to be entertained that the text of section 11 of the Post Office Act might usefully be re-examined due to changes that have taken place over the years in publishing practices and in the fields of distribution and communication.

28. A newspaper or periodical in order to qualify for rates prescribed in section 11 must be one that:

is known and recognized as a newspaper or periodical and consists wholly or in great part of political or other news or of articles relative thereto or to other current topics.

The words "in great part of political or other news or of articles relative thereto or to other current topics" permit the view that the legislative purpose is to assist in the dissemination of news having ephemeral characteristics. However, in the audit it was observed that the benefit of section 11 rates has long been enjoyed by various publications of statistical or reference character and that the number of these is increasing.

29. In 1908 the law officers were requested to advise the Department as to the meaning of 'in great part'. In the resulting opinion they contrasted the phrase with what would have been the legislative intent had 'in greater part' been used and concluded that the news content should be at least 40%, but without explaining how the percentage was established. No problem then existed because news content fifty years ago was often 60% or more. Today, the situation is that many publications often exceed 60% in advertising content although, because of their larger size, actual news content in columns of space is generally greater than it was a half century ago. Parliament has taken notice of this, so far as the large dailies are concerned, by fixing one rate for advertising content and another for news.

30. Section 11 rates are applicable only to copies "addressed to a *bona fide* subscriber, or to a known newsdealer in Canada". The adjective '*bona fide*' was substituted for 'regular' by the 1906 Statutes Revision Commission, therefore House of Commons Debates do not record the reason for the change. The Post Office applies various tests, but a continuing problem is to make certain that the mailing originates with an order from the recipient and that he is paying a

subscription rate, so for administrative purposes proof is required that at least 25 cents a year is being paid to the publisher. This minimum amount has been in effect for many years and, like the Justice 40% news content ruling, is not unchallengeable. Despite the 25 cent minimum, one case was noticed where a monthly, with a circulation of over 125,000 and a subscription rate of 15 cents per annum or ten years for \$1, enjoys the statutory rate. It was also observed that a perplexing administrative problem is the treatment to be extended when members of an organization automatically receive the organization's publication. A clarification of the words "addressed to a bona fide subscriber" might usefully be considered.

31. An amendment to section 11 in 1954 provides that a publisher may post in:

- (a) the postal area in which the place of its office of publication is situated, or
- (b) some other postal area approved by the Postmaster General upon his being satisfied that the posting of the newspaper or periodical within such other postal area will promote greater convenience in the distribution thereof and that the application of this section to the newspaper or periodical when so posted will not adversely affect the postal revenues.

From the revenue viewpoint, this amendment has to be read together with subsection (4) of the same section:

All copies of newspapers and periodicals . . . that are addressed for delivery within the postal area of publication where there is letter carrier delivery service, are subject to postage at the rate of one cent for the first two ounces or fraction thereof and one cent for the next two ounces or fraction thereof and one cent for each additional four ounces or fraction thereof to each separate address.

Cases were observed where publishers located in a letter carrier area have arranged that the periodical or paper be printed elsewhere and mailed by the printer. The Department often requires that the letter carrier rate continue to be paid on all copies going into the area of the publisher's office, but instances were noticed where postage was collected at the lower bulk rate. Moreover, the text permits alternative views of what the legislative intent is should the publication be a new one without, naturally, a previous revenue record.

32. The 1954 amendment noted above requires that the Postmaster General satisfy himself that the grant of an alternate mailing point "will promote greater convenience in the distribution" of the publication. Whether this is "convenience" to the publisher, Post Office or subscriber is an uncertainty. Cases were observed where periodicals, printed in the city where the editorial offices of the publication are located and addressed to subscribers in another city, were mailed at the post office of the city in which printed, while copies of the same periodical were mailed in the other city for delivery to subscribers in the city where the periodical was actually printed.

33. As already mentioned, rates are fixed by section 11 of the Post Office Act—a section that takes two pages in the Statutes, which explains why excerpts only are quoted above. The revenue is annually increasing due to ever-growing volume of mailings, but costs of handling have risen quite sharply since the war. In particular, this is due to the several salary increases granted to civil servants generally. A Post Office estimate is that the gap between revenue from newspapers and periodicals and the cost of handling them will broaden in the present year.

34. It is for the foregoing reasons Audit opinion is that it would be in the interests of good administration were further consideration given to section 11 of the Post Office Act which, although presently dating from 1951, is to a material degree legislation of the nineteenth century.

Mr. WINCH: We are now dealing with the report of the Auditor General which has to do in part with the post office department. May I suggest to the chairman that the Auditor General explain exactly why he raised this issue of importance and then that the deputy minister explain the position.

Mr. DRYSDALE: Is that not explained on page 16?

The WITNESS: Mr. Chairman, let me say at the outset, nothing in this paragraph is intended to be a criticism of the post office. It is a well-run institution; that is not the reason why these paragraphs are in.

Section 67 of the Financial Administration Act provides that in conducting an audit I shall ascertain whether, in my opinion, all public money has been duly accounted for and the rules of procedure applied are sufficient to ensure an effective check on the assessment, collection and allocation of the revenue.

In the course of our audit discussions we took notice of the fact that first and second class mail rates are fixed by parliament, but others are fixed by the government. Therefore, it seemed expedient that we should make a check of the collections resulting from the rates fixed by parliament. For that purpose we begin with second-class mail because there is nothing in first-class mail which presents any particular problem. That was the No. 1 reason.

The No. 2 reason was that we are aware of the fact that members of parliament are constantly beset by their constituents to get two deliveries of mail a day if they have urban constituencies.

It is also common knowledge that first-class mail more than pays its way. But it is not so commonly known that second-class mail is not profitable.

The figures which we state in section 27 were supplied to us by the post office. They showed that the revenues were \$6 million while the cost of handling second-class mail was \$24 million a year.

These Figures are not absolute neither are they up to date.

I think Mr. Boyle might be prepared to say that there is evidence of a greater spread between revenue and outgo currently.

The post office does not make an annual costing because the expense would be out of proportion to what it would be worth. However, they do make a costing periodically, and it is that costing that we are using.

That, sir, is all I have to say regarding the first paragraph.

Paragraphs 2 and 3 deal with the question of what is a newspaper.

The next paragraph deals with what is a subscriber; and the following paragraph deals with alternative points of mailing.

I suggest that Mr. Boyle might say if I am right or wrong in my statement that \$24 million is an estimate.

Mr. BOYLE: Yes, Mr. Chairman, the information which the Auditor General has given to you is quite correct. This figure of \$24 million represents the cost of handling, and the figure of \$6 million represents revenue and it is based on a cost ascertainment check of the 1955-56 fiscal year.

As Mr. Sellar explained, we do not conduct these checks every year. They are an expensive and interfere with the handling of mail. We have another test underway at the present time.

The up to date figures will be available, we expect, before the end of this fiscal year. It is only natural to expect that there will be a wider gap between the cost of handling and the revenue up to the present time, because costs are going up.

The CHAIRMAN: The figure mentioned in paragraph 27 is \$18 million. Would you think that that probably has been increased?

Mr. BOYLE: Yes.

Mr. WINCH: What is your loss on cost of handling second and third-class mail?

Mr. BOYLE: \$18 million is the loss on second-class mail.

Mr. WINCH: And what is your loss on third-class mail?

Mr. BOYLE: Again using the fiscal year 1955-56, in third-class matter—we have about three classes of third class matter; we have householder distribution, to every householder; we have addressed circulars; and we have miscellaneous.

The householder distribution results in a loss of \$169,000 in round figures; the addressed circulars result in a profit of \$1,152,000 in round figures; and the miscellaneous varies. All three represent a profit of \$500,000 in round figures.

Mr. WINCH: What is your loss on second-class mail?

Mr. BOYLE: \$18 million.

Mr. WINCH: And what is your loss or profit on third-class mail?

Mr. BOYLE: Well, profit on third-class matter is about $\frac{1}{2}$ million.

Mr. WINCH: And what is your profit or loss on first-class mail?

Mr. BOYLE: Our profit—on first-class ordinary mail, is \$34,800,000.

Mr. FRASER: Does that include 1955-56?

Mr. BOYLE: All these figures are 1955-56.

Mr. WINCH: What is your net profit on that same basis on the entire operation, in that same period?

Mr. BOYLE: For the whole post office?

Mr. WINCH: Yes, for the whole post office.

Mr. BOYLE: On all classes of mail?

Mr. WINCH: Yes, on all classes.

Mr. BOYLE: As was stated in parliament, on all classes of mail we have—on all mail operations—a deficit of \$400,000 odd, let us say, $\frac{1}{2}$ million for this last year.

Mr. WINCH: You explained that you had about \$34 million profit on first-class mail?

Mr. BOYLE: Yes.

Mr. WINCH: And that you had a loss on second-class mail of how much?

Mr. BOYLE: \$18 million.

Mr. WINCH: And you had a profit on third-class mail?

Mr. BOYLE: No;—yes, of about $\frac{1}{2}$ million.

Mr. WINCH: Then how can you end up with a net loss?

Mr. BOYLE: Because we have various other classes of mail, and various other services such as fourth class matter, parcel post, special delivery, and various other services.

Mr. WINCH: I have one more question: is the post office, in all its operations, operating at a loss in all aspects?

Mr. BOYLE: Not in every individual service.

Mr. WINCH: I mean in all aspects.

Mr. BOYLE: On the total over-all basis there is a deficit of some \$400,000-odd, let us say \$500,000 in round figures for the fiscal year ending March 31, 1958.

Mr. BELL (Carleton): If Mr. Winch will permit me to intervene, let me say that we are attempting to compare the figures for two fiscal years.

Mr. BOYLE: That is right.

Mr. BELL (*Carleton*): The deputy postmaster has given us the figures for the fiscal year ending March 31, 1956, while his last figure carries us forward for two years, to 1958.

Mr. BOYLE: That is right.

Mr. BELL (*Carleton*): Can he make any comparison?

Mr. BOYLE: No. I just answered the question that was asked of me. I regret that we cannot furnish you with the same details of profit or loss on any class of mail for the fiscal year ended last. We hope to be able to do that for the next fiscal year.

Mr. CATHERS: In order to keep the figures all together, can you give us the profit or loss on all operations in the post office for 1955-56?

Mr. BOYLE: Yes. I think I might give them to you for the year 1955-56. The book-keeping entry shows a profit of \$39,100,000-odd, and a loss of \$28,825,000-odd.

Mr. WINCH: It shows a profit of \$39 million?

Mr. BOYLE: \$39 million.

Mr. WINCH: And what is the loss?

Mr. BOYLE: The loss is \$28,825,000.

Mr. WINCH: Where?

Mr. BOYLE: For the same year, on all classes.

Mr. WINCH: What was your net profit in 1955-56?

Mr. BOYLE: \$10,274,000.

Mr. FRASER: May I ask a question: that figure does not include telephones in the post office, janitor services, taxes now, and public utilities. It does not include any of them.

Mr. BOYLE: No. You are quite correct.

Mr. FRASER: That would be extra cost.

Mr. BOYLE: The Department of Public Works furnishes housing and certain services for us.

Mr. FRASER: Is there any figure that you have that would cover those services? Have you any way of knowing what they would cost?

Mr. BOYLE: Frankly, Mr. Chairman, I could only hazard a guess.

Mr. BOURGET: You would not know if the Post Office Department is charged for those expenses?

Mr. BOYLE: No, they are not.

Mr. BOURGET: Then you would not know if the Post Office Department is charged for those expenditures?

Mr. BOYLE: They are not.

The CHAIRMAN: Gentlemen, may I direct your attention to paragraph 27. I think we should limit our questionning to this: "Postage on newspapers and periodicals". Mr. Boyle, you have seen that paragraph?

Mr. BOYLE: Yes.

Mr. WINCH: You are the deputy minister?

Mr. BOYLE: Yes.

Mr. WINCH: Is the Post Office Department a profitable organization?

Mr. BOYLE: A "proper" organization?

Mr. WINCH: No. Of course it is proper. Is it a profitable organization?

Mr. BOYLE: Mr. Chairman, at the moment, taking the fiscal year ended March 31 last, we had a deficit of \$500,000, in round figures.

Mr. WINCH: In all operations?

Mr. BOYLE: Yes.

Mr. WINCH: And is the rental of the buildings included in all operations?

Mr. BOYLE: No.

Mr. WINCH: You say that last year you had a loss of \$500,000?

Mr. BOYLE: A deficit of half a million dollars.

Mr. MORTON: In paragraph 27 there is the following statement:

"It has never been legislative policy to fix rates to result in a self-supporting service, the aim being to encourage the dissemination of news, with some categories of newspapers and periodicals charged lower rates than others."

I presume this refers to second-class mail?

Mr. BOYLE: Yes.

Mr. MORTON: I think it would be helpful if Mr. Boyle would give us some of the history of the administration of this policy.

Mr. BOYLE: Yes.

Mr. WINCH: Would you also explain how there happens to be a drop from a declared profit of \$18 million to a loss of \$500,000?

Mr. BOYLE: I shall endeavour to answer the first question of Mr. Morton. If you will forgive me I will try to recall the history. Since confederation it has been the policy of all governments, not the post office department but the policy of all governments, through legislation to give favourable consideration to the distribution of newspapers and periodicals for the reasons which have been stated.

Going back to 1882, in 1882 all this material was transmitted by mail free of postage. In 1889 they charged a quarter of a cent per pound. That rate ran through pretty much until 1921 when some of you will remember all costs went up very rapidly. Our rail transportation costs went up terrifically at that time and an increase in rate was placed in effect, from a quarter of a cent to 1½ cents per pound. But it was done gradually over a period from 1921 to the end of 1922; it was a graduated increase instead of a flat increase.

Since that time there have been a number of increases in rates; but never has it been the policy of the government of the day, or parliament if you wish, to attempt to bridge the gap between cost and revenue.

Mr. WINCH: Are you speaking of first-class mail?

Mr. BOYLE: I am speaking only of second-class mail right now. That has been the policy, as I say, since 1882, as far as our records show.

Mr. MORTON: I am wondering if the post office, in administration of this policy, compared it with any other similar systems which might be operating, and I wonder if Mr. Boyle has any observations to make in respect to that.

Mr. BOYLE: Well, Mr. Chairman, I think at the outset I should say that we are just civil servants and administrative officers. We are discussing legislation and it is our duty and responsibility to advise our minister of the day and to give him the benefit of our experience. In doing that we do have regard to what is happening in other places.

Mr. WINCH: The rates are set by parliament and not by your department?

Mr. BOYLE: Yes; we just implement the statute.

Mr. WINCH: Who makes the recommendation to parliament?

Mr. BOYLE: The minister.

Mr. WINCH: All your rates must be set by parliament?

Mr. BOYLE: No. As the auditor general said at the outset, the rate on letters is fixed by parliament and the rate on newspapers is fixed by parliament, but the rate on third and fourth-class mail is within the authority of the Postmaster General.

The CHAIRMAN: What about periodicals and newspapers?

Mr. BOYLE: Periodicals are by statute.

Mr. WINCH: I am going to ask a question and if it has to do with policy do not answer it. Within your purview as deputy minister is any consideration given strictly within the department in an attempt to see that the costing is related to revenue.

Mr. BOYLE: Mr. Chairman, naturally as administrative officers we are required to make studies and to make suggestions, but those are made through our minister. Rates are legislative and we have no jurisdiction. We do a study, either initiate a study ourselves or do studies under the direction of the Postmaster General and present him with facts. I think it would be his responsibility to determine what should be done from there on.

Mr. WINCH: Who makes the decision on what is not done on authority of parliament? Who makes the decision as to the rate?

Mr. BOYLE: The decision as to the rates to be fixed?

Mr. WINCH: Outside of parliament.

Mr. BOYLE: There are no rates to be fixed for second-class mail. The matter of third-class mail is within the authority of the Postmaster General, and in that case the deputy minister and the officials concerned make suggestions or recommendations to the Postmaster General, which he may implement or change, as he may see fit.

Mr. WINCH: Is this a fair question? You said that, outside of parliament, the recommendations are made to the Postmaster General. What is the policy as to whether the rates meet the costs of the service on those things?

Mr. BOYLE: What is the policy?

Mr. WINCH: Yes; who makes that policy? You said it is on recommendations of the Postmaster General. Who makes the policy as to whether or not it shall be at low cost?

Mr. BOYLE: It would be on the responsibility of the minister.

Mr. WINCH: You said you make recommendations?

Mr. BOYLE: Yes; on the basis of studies.

Mr. WINCH: On what basis?

Mr. BOYLE: On the basis of statistics and so on.

Mr. WINCH: Do you make the recommendation that it meet costs? I am trying to follow up on what the witness said. You said that the recommendations on things outside of the authority of parliament are made to the Postmaster General.

Mr. BOYLE: Yes.

Mr. WINCH: On what basis do you make recommendations to the Postmaster General on those things he has to figure as to whether or not they will be above cost, below cost, or what?

Mr. BOYLE: Our recommendations have very, very close regard for cost and meeting the service and paying its way; but we have many more services other than second-class mail.

Mr. WINCH: Third and fourth.

Mr. BOYLE: Third and fourth, and we have many others too, but we have to have regard at times to other conditions than cost; we have to have regard

at times for a service that might benefit the public greatly for which we might have to charge an exorbitant fee.

Mr. WINCH: What is your basis of recommending to the minister on that?

Mr. BOYLE: Our basis of recommending to the minister is to give him full information as to the cost of handling, the revenue that might be derived at the present rates, what we as administrative officers feel might be done. We also include with our facts what that service means to the public, and the affect of any increase in rate to the public generally.

Mr. WINCH: One more question, Mr. Chairman, and I will be quiet. Does the minister make the decision?

Mr. BOYLE: Very definitely.

Mr. MORTON: Mr. Chairman, I think I had asked Mr. Boyle if he could give us the results of his comparing our system with any other system; it might be of some assistance to us.

Mr. DRYSDALE: For instance, the United States.

Mr. MORTON: Yes, or whatever system he compares it with.

The CHAIRMAN: You are referring to second-class mail?

Mr. MORTON: Yes, in paragraph 27.

Mr. BOYLE: I will try to say something. I attempted to say—I started; I hope I tell you the same story this time.

Mr. SPENCER: You did not get far enough.

Mr. BOYLE: I did not get far enough?

Mr. WINCH: I am sorry if I disturbed you.

Mr. BOYLE: We do look around to see what is done in other countries and naturally from a postal operational standpoint the United States is our neighbour, and conditions over there—we are talking about the publishing industry—the publishing and printing industry are much similar to the conditions in Canada. So we do examine their situation when we are studying our own, in the hope we might find something helpful in what they have done. I do not want to give the impression that we are more efficient than other administrations. I think perhaps it is just circumstances; but in the United States, prior to last July at any rate, they also had quite a deficit in handling second-class material mailed by publishers. The last figure that we had before us was a deficit of \$269 million in their postal administration.

Mr. MORTON: Do you know how their deficit compared to ours in relationship to the costs and so on in this country? I mean, is there any principle that is worked out?

Mr. BOYLE: I am getting into a pretty broad field now, but I would say if you take the population of the two countries and you take the financial statement of the United States postal administration as regards the handling of second-class matter and you take our statement, they are about ten times larger, you would have a close relationship. In other words, we are running along about the same, proportionately. There is not a great deal of difference.

Mr. MORTON: In their act, which I suppose is a counterpart to our section 11, do they have the same number of categories or do they have a different method of handling the categories than we have, of second-class mail?

Mr. BOYLE: Mr. Chairman, I have explained earlier that we are much smaller, of course, in population and in administration.

The CHAIRMAN: But you admitted to being more efficient, did you not?

Mr. BOYLE: We feel—and I am referring now to civil service administrative officers—that parliament has given us this act to administer. We feel

we have a loss, a substantial loss in handling. We feel we should administer that act as simply as possible; that is, the administration of it should not be an expensive administration; it should be one that would ensure that we safeguard the revenue of the department in the handling of second-class matter.

Mr. WINCH: Let me get this clear. Do I understand that unless it is laid down by parliament on postal rates, that anything else dealing with postal rates is completely within the charge and the decision of the Postmaster General; is that true?

Mr. BOYLE: Quite correct.

Mr. WINCH: So, on the issue that we are interested in now, it is the decision of the Postmaster General?

Some hon. MEMBERS: No, no, no—parliament.

Mr. BOYLE: Parliament.

Mr. BELL (*Carleton*): It is second-class material we are talking about.

Mr. MORTON: We are only talking about second-class.

The CHAIRMAN: When was the last time parliament fixed the rates on second-class matter?

Mr. BOYLE: 1951.

Mr. CATHERS: 1953.

Mr. WINCH: 1954; I was here in 1951.

The CHAIRMAN: Will you give us the date?

Mr. WINCH: In 1954 the act was amended and it was raised from 4 cents to 5 cents.

The CHAIRMAN: Let the witness answer. I have a second question: did I understand you to say that you feel second-class mail should carry itself, revenuewise? Order please, gentlemen.

Mr. BOYLE: Mr. Chairman, this is very embarrassing.

The CHAIRMAN: Well, Mr. Boyle, if it is policy, do not answer it.

Mr. BOYLE: I feel that as this is legislation in parliament, that I should not dictate to parliament or say to parliament what it should be. I think our government is such that ministers of the crown should, with advice, determine what rates should be applicable.

The CHAIRMAN: In 1956 there was a deficit on second-class mail of \$18 million; is that correct?

Mr. BOYLE: Right.

The CHAIRMAN: In effect, that is a subsidy. Someone has to pay it; parliament pays it.

Mr. BOYLE: Yes.

The CHAIRMAN: Who benefits from the subsidy?

Mr. BOYLE: Well naturally the publishers benefit from the subsidy, but you have also to consider the subscriber.

Mr. BELL (*Carleton*): And the advertiser.

Mr. BOYLE: The first effect of increased rates is naturally increased subscription rates and increased subscription to the subscriber.

Mr. WINCH: Are you in a position to say whether or not in your estimation first-class mail subsidizes the mail you are now talking about?

Mr. BOYLE: In answer to that question I would say that having said what the profit is on first-class matter—

Mr. WINCH: If it is a policy matter, it is outside your jurisdiction.

Mr. BOYLE: That is right. First-class matter pretty well carries other classes of matter.

Mr. WINCH: First-class mail makes a good profit.

Mr. BOYLE: Yes, but we receive revenue from first-class, second-class, third-class and all classes.

Mr. WINCH: And is that being used to subsidize on this other?

Mr. BOYLE: Quite. All the revenue from all the services is placed in one spot and used to provide services.

Mr. WINCH: So if I ask you an unfair question—if I ask whether you think that is correct or not—

Mr. SMITH (*Simcoe North*): Yes, it is.

Mr. BOYLE: I would say Mr. Winch—I will not say it is an unfair question.

Mr. WINCH: Do not answer it now then.

Mr. BOYLE: But I feel that we are dealing with a statute and we are administrative officers.

Mr. WINCH: You cannot answer that question.

Mr. BOYLE: And all we can do is suggest to parliament; parliament decides, and our duty is to carry it out.

Mr. WINCH: Have you any suggestions you could give us?

Mr. CATHERS: Mr. Chairman, are we not getting off the subject here?

The CHAIRMAN: One question on your behalf, Mr. Bell.

Mr. BELL (*Carleton*): Would you refer to the last sentence in paragraph 27—no, it is further on—"however, a review of practices causes the view to be entertained that the text of section 11 of the Post Office Act might usefully be re-examined due to changes that have taken place over the years in publishing practices and in the fields of distribution and communication".

Mr. BOYLE: Yes, Mr. Chairman. I think that is one case where the Auditor General and ourselves are in complete agreement. This statute we are talking about, section 11 of the Post Office Act, in so far as conditions—forget about the rates and talk about conditions—has been in effect for many, many years. Our administrative officers are trying to administer a statute which has not kept pace with the development in publishing and printing, as we all know here. There has been a tremendous development in that field. We have not kept pace in the matter of statutory conditions. The Auditor General in his observations has told you so and the Post Office Department welcomed him with open arms when he came and made this statement, because we feel that if we had a statute under which an individual officer, a senior officer could put his finger on a condition and say "this comes under subsection (a) of section 31; it is fully defined", that officer is in a much better position than if he is dealing with the spirit of the act. If given chapter and verse our administration would be eased very, very greatly. We were very, very pleased when the Auditor General, with his authority, and after a prolonged investigation, came forward with that suggestion.

That is independent of rates. That is a condition of mailing to provide good efficient administration in determining what is a newspaper, a periodical, and what is a bona fide subscriber.

Mr. DRYSDALE: Who interprets that distribution, Mr. Boyle?

Mr. SMITH (*Simcoe North*): Mr. Boyle, having regard to that, I see that in respect of subsection 2, paragraph (a) subparagraph (i) there is a matter of different rates in regard to the amount of the newspaper that is news and articles and a different rate for that portion which is advertising. How do you determine that?

The CHAIRMAN: You are referring to sections 11 and 12 of the Post Office Act?

Mr. SMITH (*Simcoe North*): I am referring to section 11, subsection (2), paragraph (a), subparagraph (i). There is a 2½ cent rate for a pound of news, and a four-cent rate in respect of the portion consisting of advertising. How is that determined?

Mr. BOYLE: Mr. Chairman, it is determined by measuring the publication and determining what percentage is news and what percentage is advertising, and then the pound rate applies to that.

Mr. SMITH (*Simcoe North*): That same differentiation does not apply to magazines. Is there an administrative reason for that?

Mr. BOYLE: Mr. Chairman, again I hate to be harping about parliament, but it was decided on the last change of rate, by the legislators, that on daily newspapers, with over 10,000 circulation, the rate would be a pound rate plus an advertising rate. In regard to periodicals the advertising rate is not in effect. On periodicals the rate of postage is based on the circulation of the magazine.

Mr. SMITH (*Simcoe North*): So it was not an administrative reason that was behind that?

Mr. BOYLE: No.

Mr. SMITH (*Simcoe North*): This question may only show my great ignorance of the whole matter, but in regard to a newspaper printed and published in Canada such as *Life*, *Time*, or *Newsweek*—and I was a subscriber to one of those magazines—what rate of postage does that require?

Mr. BOYLE: They are American publications.

Mr. SMITH (*Simcoe North*): They require no rate at all?

Mr. BOYLE: No.

Mr. SMITH (*Simcoe North*): Although they may have a circulation of 100,000 in Canada?

Mr. BELL (*Carleton*): Or a million.

Mr. SMITH (*Simcoe North*): They may have a circulation of one million in Canada, yet we carry these completely free. There is a very small number of Canadian magazines going into the United States.

Mr. BOYLE: That is quite correct, sir.

Mr. SMITH (*Simcoe North*): Is a proportion of this loss on second-class mail made up by foreign periodicals which come into our country in large numbers?

Mr. BOYLE: To an extent?

Mr. SMITH (*Simcoe North*): To an extent.

Mr. BELL (*Carleton*): Have you any indication of that extent?

Mr. BOYLE: Not greatly—not to a great extent.

The answer to that question perhaps is: in addition to mailing in a United States post office for a Canadian address some of the larger American publications decided, as a matter of convenience in respect of distribution and so on, to send their publications other than by post to a certain designated city or office in Canada for distribution from that office. In such cases those American publications come into our mails and pay Canadian postage to us.

Mr. BELL (*Carleton*): That only increases your loss, does it not?

Mr. SPENCER: I do not see how that applies. You have to deliver them in any event?

Mr. BOYLE: That is right.

Mr. CATHERS: That would decrease the loss?

Mr. BOYLE: Quite, if they were mailed in the United States we would handle them without any charge. If they were Canadian publications we would handle them at a loss. If an American publication is mailed in Canada, the loss is not so great.

Mr. SMITH (*Simcoe North*): In regard to an American magazine which uses a Canadian postal address, do they have to get permission from the Post Office Department under section 11, subsection (1) paragraph (d) subparagraph (ii) as "some other postal area approved by the Postmaster General", as being satisfactory?

Mr. BOYLE: Yes. The Post Office Department determines first whether they will accept such an arrangement on behalf of a publisher, and secondly they determine the point at which they will accept them. The point at which they will accept them is important from a distribution standpoint and a cost standpoint.

Mr. SMITH (*Simcoe North*): That would apply to the American magazines?

Mr. BOYLE: Quite.

Mr. SMITH (*Simcoe North*): I assume in a case like that you would require that they be mailed in Toronto and Montreal, for instance, where the subscription was the heaviest, or would you permit them to be mailed some place in western Canada, for example?

Mr. BOYLE: Generally speaking we insist that they be mailed at a central point where our transportation cost would be less than if they were to be mailed at a border point, or some far away point.

Mr. DRYSDALE: Mr. Chairman, who interprets section 11, subsection (1)? I assume that is the key section to the whole matter. For example, you have:

a newspaper or periodical that (a) is printed and published in Canada;
(b) is known and recognized as a newspaper or periodical and consists wholly or in great part of political or other news or of articles relative thereto or to other current topics;—

Have you a rigid test as to whether a certain publication comes into the category of a newspaper or periodical, or is it the practice to accept virtually anything that is a newspaper or a periodical?

Mr. BOYLE: Mr. Chairman, we have tests. As the Auditor General has pointed out, that is pretty general wording. It says: newspaper and periodicals in the general sense of the words. That is a very general way for an officer to make a definition of a publication.

I think it has been mentioned in some of your documents that many years ago—that has been in effect for many years—we asked the Department of Justice if they could help us in arriving at some basis for a decision on this point. At that time they said that 60 per cent was news and 40 per cent was advertising. Generally speaking that is about the balance. However, you cannot be too rigid about it because you might get one with a slightly greater percentage of advertising, but still the character might be such that it is a bona fide newspaper or periodical.

Mr. DRYSDALE: If you had a rigid interpretation, or a rigid set of regulations which meant that a newspaper or a periodical should perhaps be classified as first-class mail, would that assist materially in reducing the present deficit of some \$18 million? In other words, is it your practice in fact to have virtually anything under the category of newspapers or periodicals, or do you reject any and put them into first class rates?

Mr. BOYLE: No, Mr. Chairman, I think the Auditor General as a result of his own survey of our revenue, and in view of the remark he made shortly, is

satisfied that great care is exercised before privileges are granted. We do not just grant them holus bolus. Great care is exercised before we grant them.

Mr. DRYSDALE: Who grants them?

Mr. BOYLE: The senior officers of our department.

Mr. DRYSDALE: Is there an appeal from that?

Mr. BOYLE: There is no board of appeal but we are suffering appeals 24 hours a day from publishers who feel they have got a bona fide newspaper and which we feel does not meet the spirit of the statute.

Mr. DRYSDALE: And it becomes first class then?

Mr. BOYLE: It becomes third class.

The CHAIRMAN: I understand you got an opinion from Justice in 1908?

Mr. BOYLE: That is right.

The CHAIRMAN: Have you had any other opinions since that date?

Mr. BOYLE: No.

The CHAIRMAN: That opinion defined more or less what news content was, and that turned out to be that at least 40 per cent should be news content.

Mr. BOYLE: 60 per cent.

The CHAIRMAN: 60 per cent should be news and 40 per cent should be what?

Mr. BOYLE: Textual matter or advertising.

The CHAIRMAN: Have you made any application of that test to various publications recently?

Mr. BOYLE: We do it almost continuously.

Mr. WINCH: My interest, Mr. Chairman, in this entire matter is based on the Auditor General's report, and I am interested in what the Auditor General has to say on page 8 of his report. It is in paragraph 27. In paragraph 27 the Auditor General had this to say:

Postal revenue from mailings of newspapers and periodicals currently approximates \$6,000,000 annually, while the Post Office estimates that the cost of handling these is about \$24 million a year. It has never been legislative policy to fix rates to result in a self-supporting service, the aim being to encourage the dissemination of news, with some categories of newspapers and periodicals charged lower rates than others. Whether the \$18 million estimated difference between revenue and cost now benefits, in particular, the publisher, advertiser or subscriber is an imponderable; however, a review of practices causes the view to be entertained that the text of section 11 of the Post Office Act might usefully be re-examined due to changes that have taken place over the years in publishing practices and in the fields of distribution and communication.

Now, sir, in view of that I would like to turn over to page number 10 to paragraph 34, where the Auditor General says:

It is for the foregoing reasons Audit opinion is that it would be in the interests of good administration were further consideration given to section 11 of the Post Office Act which, although presently dating from 1951, is to a material degree legislation of the nineteenth century.

Now, to me, sir, those are the key words and I would like to ask the chairman, going back to page 8, paragraph 27 and the conclusion of paragraph 34 on page 10, if we could hear from the Auditor General on that, and then perhaps the deputy could say whether or not he agrees with that. Could we as a committee bring in something that will be of assistance to the Auditor General, in general, but to your department in particular.

Mr. COATES: Mr. Chairman, before we go into that could I ask a couple of questions on section 11.

The CHAIRMAN: I think we should clear up Mr. Winch's question as we go along.

By the Chairman:

Q. Would you care to comment on that, Mr. Boyle or Mr. Sellar?—A. Do you want my reasons?

Q. We may as well have them now.

By Mr. Winch:

Q. Those are the key words, are they not?—A. Well, between those two paragraphs are my reasons. The first one is in paragraphs 28 and 29, where I put the question: what is a newspaper or a periodical. Now, a newspaper or periodical is not defined by the act—

Q. Your first point there is that you want it as the Auditor General, or you are recommending that it be defined in the act?—A. Not necessarily, let me finish first, sir.

Q. I am sorry.—A. The only case that has been before the courts on the word "newspaper" was in Australia where Bradshaw's guide—you may remember the English railroad guide—they had a duplicate of it in Australia and it was classified as second class material. It went to the court and this is what the judge said:

"I feel no hesitation in saying that this Bradshaw's guide is not a publication known and recognized as a newspaper in the generally accepted sense of the word. In its real nature it is essentially a book of reference and lacks every element of what I should call a newspaper. Its form and its contents and its use all points to something totally different to an ordinary newspaper whose main aim is to give information about current events, and which is not a record that is in its nature ephemeral even though many people do file copies for reference."

That was a decision delivered in 1902.

Now then, we have today coming in as second class mail a lot of statistical publications of one sort and another which, in my humble opinion, are not entitled to be allowed as second class mail. They are books of reference. If those were eliminated and charged a different rate, that would reduce the tension on this particular section. I might be quite wrong in that, but that is my view.

We have, for example, the equivalent of Bradshaw's guide even to this day in Canada, and it goes as second class mail. We have all sorts of publications—

By Mr. Bell (Carleton):

Q. You were going to show us some there?—A. They give lists of contracting firms. There is a very large one giving lists of advertising agencies and the companies they represent, and so on and so forth. All of those go into the mail in large quantities, they are all useful and very important publications. I am not criticizing them one bit. They are fine things, but I do claim they are not newspapers or periodicals; they are reference books and should be classified as such. That is just a matter of opinion. I am giving you that because I gather that is what Mr. Winch wanted.

By Mr. Winch:

Q. Is that why at the end of paragraph 27 on page 8 you suggest a re-examination?—A. Yes.

By Mr. Carter:

Q. May I ask, Mr. Chairman, if mail-order catalogues are included?—
A. No.

By Mr. Winch:

Q. Now, your meaning of paragraph 34?—A. In paragraph 29 I deal with this question of news versus advertising, because that is in our act. A reference has been made to this Justice opinion of 1908. Now, Mr. Chairman, I am not 100 per cent fair, I regret to say, in paragraph number 29, when I say that this opinion was given without explaining how the percentage was established. After I re-read that part today my opinion is Sir Allan Aylesworth in effect said that while it was arbitrary he did try to give the background on which he founded his opinion; and I think it is a very interesting opinion. If you do not mind I will read it into the record because it is the only thing on the subject.

By Mr. Drysdale:

Q. Is not what you require for flexibility of this act a new opinion from Justice?—A. Let me finish. This opinion was given in 1908:

My dear P.M.G.:

I have given the best consideration I can to your letter of June 30th, asking my opinion of the true construction which should be given to the provisions of the Post Office Act with regard to newspapers and periodicals. The question arises upon Section 53 of the Post Office Act. By that section special privileges as to the rate of postage are given to certain newspapers and periodicals. The question of practical difficulty is what publications fall within the description 'Newspaper or periodical'. The section is sub-clause (A) gives the definition. A publication to be entitled to the special privilege must consist 'wholly or in great part of political or other news or of articles relating thereto or to other current topics'.

Where a publication is wholly of the character above described there will not, I presume, be any difficulty in practice. But you ask my opinion of the meaning which should be assigned to the words 'in great part'.

It will be observed that the words used are 'in great part' not 'in greater part'.

I think this plainly implies that the proportion of contents which is to consist of news or articles relating to current topics need not be as great as one-half but may be some proportion less than one-half. Still the proportion must be substantial or considerable. I think no hard and fast rule can be laid down. It would not do for instance, to insist that say 45 per cent or any other definite percentage of the contents must answer the description of 'news'. On the other hand, I would not think any comparatively small proportion such as one-third could safely be taken and the best opinion I can form as a sort of practical working rule is that if the publication showed, say anywhere in the neighbourhood of 40 per cent or more of its contents as consisting of news or articles relating to current topics, it would properly fall within the class of publications entitled to the special privilege conferred by the enactment. I admit that the fixing of any definite per cent, such as 40 per cent, is arbitrary and I am merely naming that figure as a practical suggestion which occurs to me. I think it would fairly satisfy the language 'in great part'. It will be observed that the news of political or any other kind and the description includes also articles relating to such political or other news—that is to say, comments thereon.

That is the material part of the letter.

Q. Mr. Sellar, now that fifty years have passed, do you not think that—

Mr. COATES: Could we have that opinion as an appendix?

The CHAIRMAN: Well, it has been read into the record, you will have it tomorrow morning.

By Mr. Winch:

Q. Could I ask Mr. Sellar now, in view of that, do you stand completely by your paragraph 34 on page 10?—A. Yes.

Q. Will you read that out and explain why on page 10 of your report, paragraph 34— —A. Would you let me finish because I would like to answer the questions as they come.

The next question I was asked, and on which I interrupted the questioner was, did I think that opinion was good in this present day and age bearing in mind it is fifty years old. I do not.

By Mr. Drysdale:

Q. Well, would you not be able to get another opinion from justice?—A. My reason is since that opinion was given which was based on advertising content, parliament has specifically set a rate for advertising content for the big newspapers, and that, in my opinion, throws this justice opinion out of kilter. If the *Toronto Star*, the *Montreal Star*, the *Toronto Telegram* or any other big newspapers wanted to run 50 or 60 per cent advertising, I think it is entitled to do so now because parliament said: "You shall pay a higher price for your advertising". I just give a personal opinion, but I think it is my answer to your question, that the opinion is out of date and a new one should be procured.

Q. Mr. Sellar, you have said this section has never been challenged in the courts and there is a similarity to one in 1902. I was wondering if you would not think it time for the post office department to write to justice and say: "Now that fifty years has passed, has there been a change in your opinion as to advertising?"—A. I do not think it is the view of the Department of Justice; I think it is the view of parliament. After all, it is public policy.

Q. Well, you have your legislation here. It is a matter of interpretation. You are in a very nice position because you have got a very vague description which would leave the justice department to give either a very stringent interpretation, which would add more revenue to the department or a very liberal interpretation—I use it with a small "L"—which would perhaps increase the deficit?—A. But let us be practical; in due course it is the government that takes the gaff; it is not the post office. It is the government that takes the gaff from the public, and I think if parliament agrees with us that this section is out of date then we should all put our heads together and try to get a section that is common-sense today.

By Mr. Winch:

Q. We come straight back then to what I was referring to a moment ago on page 10, paragraph 34, which reads as follows:

It is for the foregoing reasons Audit opinion—

That is your opinion as Auditor General?—A. Yes sir.

Q.

—that it would be in the interests of good administration were further consideration given to section 11 of the Post Office Act which, although presently dating from 1951, is to a material degree legislation of the nineteenth century.

Mr. MORTON: Mr. Chairman, could I ask a question?

Mr. WINCH: I would like to ask you on this paragraph in your report—I would like to ask the deputy minister whether consideration is being given at all, or whether there is anything this committee can do to assist the post office in having this matter considered.

Mr. BOYLE: Mr. Chairman, immediately upon receipt of Mr. Sellar's report we began studying this question, and I said earlier that we agree whole-heartedly with the Auditor General. We would welcome definitions that would guide us in the administration of this statute.

We have done considerable work on it. We propose making submissions to our minister in due course. I should say at the outset that it is not a very simple matter to get simple definitions.

Mr. WINCH: Is there any way whereby the study made by this committee could assist you?

The CHAIRMAN: We are focussing attention on the problem. That is the objective.

Mr. BOYLE: We are quite hopeful. We have studied it, and we are quite hopeful that we can bring down suggestions for great improvement in the matter of administration of this statute.

But we are not hopeful—and we might as well admit it here and now—that we will ever get a statute in which every sentence, phrase, or paragraph will adequately describe—or which we can use as a definite basis for all the various kinds of newspapers and periodicals that we have to deal with.

There will always have to be an exception to the rule because we have in the neighbourhood of 1,800 of them registered with us now for privileges, and they are not all just similar. There are variations there.

Mr. COATES: Could the deputy postmaster general tell us what the rates are in other countries for comparable types of mail? Are they higher or lower or similar? Can he tell us whether in other countries second-class mail includes the same type of periodicals and newspapers as it does in Canada?

Mr. BOYLE: Yes, I think I can give you some information.

I think we should take again the United States as being so near to us: the requirements of their laws and regulations are quite different from ours. In the United States almost anything that is regularly issued comes under the classification of second-class matter.

But over there they charge a special rate. Five per cent and under is a very nominal rate for news or textual matter. If it has 5 per cent or more of advertising, they pay on the advertising portion. Their rate structure is very, very complicated.

For example, they have a zoning system—so much for so many miles, and all that—which adds up to a very complicated system. It would involve quite an administrative staff and would be an expensive operation.

Our aim, in the light of the Auditor General's report, is to clarify section 11, particularly, and get definitions which will enable us to treat all publishers consistently, and to refer to the statute, and to do it in a simple way.

Losing \$18 million now, we feel we should not spend more on administration. If we can get it done in a simple way, it would be all to the good.

The CHAIRMAN: You have regulations have you not with regard to section 11, second-class mail?

Mr. BOYLE: Yes.

Mr. WINCH: That would apply to the United Kingdom as well as to the United States, would it not?

Mr. BOYLE: Not exactly. I used the United States advisedly because in other countries throughout the world we find the situation is not similar to that which we have to face in Canada.

Their methods of distribution are different; their distances are not as great; and there are many, many factors in those other countries which are different from our country.

Mr. COATES: I have one general question: would it be necessary to restrict the interpretation of periodicals and newspapers, or increase the rate on both in order to cure the present deficit or to cut down the amount of the present deficit?

The CHAIRMAN: Your question is: what is needed to cut down the deficit of \$18 million on second-class mail?

Mr. BOYLE: Clarifying section 11—just clarifying it—is not going to produce the revenue or bridge the gap. There is no question about that.

But clarifying that section will help the post office department to administer the act, and instead of an individual having to use personal judgment in certain specific cases, he would have a rule to go by.

But as far as bridging the gap between a loss of \$18 million and a revenue of \$6 million, that can be done in one way and in one way only: that is, by a rate increase; and that is something which I feel is a matter for parliament to decide.

The CHAIRMAN: Under the rates as they stand at the present time and under your definition of news content, have you recently applied this test to trade magazines, monthly magazines, periodicals published less frequently than once a month, week-end magazines, printed matter, annual directories, and periodicals published less than quarterly?

Mr. BOYLE: Mr. Chairman, the same rule applies to all categories of classifications of publications. The formal manner of dealing with them is for the publisher to make application to the department for privileges. When he does so, he sends in a copy of the newspaper or periodical to the department. It is examined in the light of section 11 of the act, having the Justice Department's ruling in mind as a basis.

The CHAIRMAN: Have you considered enclosures and wrappings? An enclosure would be a little booklet in some sort of publication which now is sent out as second-class mail, and wrappings would be wrappings for large parcels which, in large quantities amount to quite a bit of weight and which are now charged second-class rates?

Mr. BOYLE: On the first question, particularly, the periodical press, have many, many ways of advertising or distributing their advertising. We have certain regulations. First, the advertising must be an integral part of the magazine. It must be paged, headed, or have paging allowed for.

There are certain safeguards such as that an insert or enclosure must not be in the form of a sample of goods which would be liable to a higher rate of postage under our regulations. If it is a sample, then there is a penalty for it, or the sample must pay the postage at the higher rate and so on. This is a very, very complicated problem.

The administration of this is complicated too.

I must say that I just do not entirely understand your second question about wrappings.

The CHAIRMAN: Is there anyone else?

Mr. CARTER: I would like you to answer a question as follows: if the rates on second-class mail were adjusted so as to make them self-supporting, what would the effect be? Would the effect be sufficient to lower the rates on first-class mail? Would the \$18 million for revenue be sufficient to permit any significant reduction in the rates on first-class mail?

Mr. BOYLE: Mr. Chairman, the loss on second-class matter of \$18 million, as reported by the Auditor General, will at the end of the next fiscal year be

increased fairly substantially. I doubt however whether it would bridge that gap and enable the department or the government or—rather parliament, to make any significant changes in the letter rates.

Mr. WINCH: Can you tell us—if you happen to have the information here —what the apportionment of your revenue is between first, second, third, and fourth-class matter? Have you got it there? And what is the expenditure as divided between those various classes of matter?

Mr. BOYLE: In 1955-56 we are behind.

Mr. WINCH: What is it?

Mr. BELL (*Carleton*): We have that in the record earlier in the meeting. Yes, we have it here.

Mr. WINCH: I am sorry if it is already in the record. I missed it.

If it is a matter of policy, do not tell us, because I never want to embarrass anyone. Are you in a position to tell the committee what is the basic directive policy of the post office department; first, on operating without a loss and, secondly, that all divisions shall meet their own costs. Is there any policy at all on that which you could tell us about, without going into the policy of the minister?

Mr. BOYLE: Yes. I think I can say that the policy has been, for quite some years, to endeavour to have the revenue meet the expenditure.

Mr. WINCH: That is on the over-all post office?

Mr. BOYLE: On the overall. Remember we have to use the words "overall" because some produce quite a profit and others a deficit. On the overall it is to provide the best service to the public within that.

Mr. WINCH: Now, can you answer my second question. Do you expect the divisions to pay their own costs?

Mr. BOYLE: No. At this point I am getting beyond the question of second-class matter, but perhaps the chairman will permit me to say we have services which we feel we are unable to fix a rate, which would enable us to carry those loss free.

Mr. WINCH: As far as you are concerned then, what is now an \$18 million loss on a certain phase will be perhaps \$26 million next year, and that is something of an internal nature and government policy? Is that it?

Mr. BOYLE: Would you repeat that question please?

Mr. WINCH: We have now on certain commercial mail an \$18 million deficit, and you have said it is going to increase?

Mr. BOYLE: Yes.

Mr. WINCH: That is something of a parliamentary or a governmental policy and has nothing to do with the internal operations. Is that right?

Mr. BOYLE: Government policy.

Mr. BELL (*Carleton*): Surely it is legislative policy.

Mr. WINCH: No; you are wrong there. It is something completely outside of your jurisdiction?

Mr. DRYSDALE: How is this \$18 million loss made up? Is it mostly labour?

Mr. BOYLE: Oh no. There are many factors involved, such as transportation; labour is a big factor and also increases in salaries of employees tend to increase our costs. There is also the transportation cost.

Mr. DRYSDALE: Is that offset at all by any technological advances? I assume that the more you are doing the more you get into an automatic type of operation as far as postal work is concerned. What proportion of the \$24 million is labour cost?

Mr. BOYLE: Frankly, I cannot answer that.

Mr. DRYSDALE: Does Mr. Sellar know?

The WITNESS: No.

Mr. CARTER: I think you told Mr. Winch that the rates for third- and fourth-class mail are decided by the Postmaster General.

Mr. BOYLE: Yes.

Mr. CARTER: Will it be the case that these rates are a little higher than they would be perhaps otherwise on account of this loss incurred in carrying second-class mail.

Mr. BOYLE: No.

Mr. BELL (*Carleton*): I would like to return to the question of foreign publications to see whether or not it is possible for the deputy postmaster general to give us any estimate at all, either in dollars or in percentage, in the total deficit of the cost of carrying foreign publications in Canada.

Mr. BOYLE: Mr. Chairman, I am sorry, but I cannot answer that. We have not gone into that phase of the costs. We have taken all the costs and have bulked them together in getting our loss. I can answer the question partially by giving you some information. The information is that in the case of United States publications which are mailed in Canada—and those are the ones which are shipped over in bulk and mailed in Canada—our annual revenue this year is \$750,000. That \$750,000 is included in the \$6 million about which Mr. Sellar spoke.

Mr. BELL (*Carleton*): Have you any idea of the cost of carrying those shipments in order to receive \$750,000?

Mr. BOYLE: No; I cannot give you that because we have not taken the different classes of publications separately. When we take our statistics we do not restrict the statistics to publishers' mailings. We take statistics relating to all classes of services we provide.

In the case of second-class matter, or publishers' mailings, we just try to determine the cost of handling second-class matter.

Mr. BELL (*Carleton*): The fact is, Mr. Boyle, that the cost of handling all foreign publications is charged against this second-class mail and helps to create the deficit of \$18 million?

Mr. BOYLE: Quite.

Mr. BELL (*Carleton*): But in respect of the extent to which it helps to create a deficit there are no calculations in the department?

Mr. BOYLE: Quite.

Mr. BELL (*Carleton*): Can such calculations be made?

Mr. BOYLE: Yes; you can do almost anything with considerable difficulty.

Mr. BELL (*Carleton*): How difficult would it be to make such calculations?

Mr. BOYLE: It would result in our placing some efficient capable man on the job of sampling this material for a period of three months or so to obtain an average for the year.

Mr. BELL (*Carleton*): That has not at any time been done?

Mr. BOYLE: That has not been done. I might say again, I think the auditor general told you in this cost ascertainment that we have a complete loss of \$18 million; that is a sampling. We have similar information for other classes; but we do not say that a chartered accountant could not come in and say we are a few cents out.

Mr. BELL (*Carleton*): I appreciate that.

Mr. BOYLE: We do this periodically. The purpose of doing it is to provide you gentlemen, or parliament, with general information in the event that you desire to have the rates looked into. We can say we lose \$18 million; not that it is \$18,150,000, but that it is in that neighbourhood.

Mr. BELL (*Carleton*): I appreciate that; but I am anxious that our Canadian newspapers and periodicals should not get the black eye before the public of being subsidized to the extent of \$18 million, which is the impression which might be created from the evidence this afternoon.

Mr. BOYLE: Yes.

Mr. BELL (*Carleton*): That would be a wholly erroneous conclusion, would it not?

Mr. DRYSDALE: We have no breakdown of this \$18 million?

Mr. BELL (*Carleton*): Mr. Sellar mentioned reference works. Have you any means of ascertaining what ratio the total volume of reference works and other works which Mr. Sellar stated did not constitute proper periodicals or newspapers, bears to the over-all total of second class mail?

Mr. BOYLE: It is negligible. Of some 800 publications which we are handling and have registered—and we find this has been going on all through history—in 1906 the administrative officers of the day authorized this little reference book; but the effect of that on the revenue of the Post Office Department, the cost of handling it today is not worth very much. Mr. Sellar's reference to this was that it should be corrected. It is technically wrong.

Mr. BELL (*Carleton*): Are there any other types of publications which, to an ordinary layman with ordinary commonsense, would look like periodicals and newspapers, which ought to be eliminated from this?

Mr. WINCH: I would say yes.

Mr. BOYLE: There are; there is the odd one.

Mr. BELL (*Carleton*): What percentage does this bear to the over-all total?

Mr. BOYLE: Negligible.

Mr. BELL (*Carleton*): So that apart from that negligible group, the general publications that you are speaking of now are what we customarily think of as Canadian periodicals and newspapers.

Mr. BOYLE: Quite.

Mr. CARTER: Do you have cost accountants or cost analysts on your staff?

Mr. BOYLE: Yes. It is not a division devoting its time to this work, but we have costing people. We have trained costing people whom we use day to day, in our day-to-day operations, and periodically, and as I said a moment ago, every three years we put them to the task of giving us an over-all statement of how we stand, revenue as compared with cost. Now, when that is completed we look at the picture and our officers study it and determine what now should be done about this service or that service.

The CHAIRMAN: Mr. Bourque, do you have a question?

Mr. BOURQUE: Should we consider that \$18 million loss as a real loss? The post office, after all, is an organization that is supposed to give service. We find that these foreign publications come in and make up a whole lot of that \$18 million loss.

Mr. DRYSDALE: We have not had a breakdown.

Mr. BOURQUE: Let me make my point. Within the last few years we have seen many newspapers and magazines fold up. Now, if we have an \$18 million loss on the other hand of these newspapers, these reference books, catalogues and all these things—they furnish work to millions of people in Canada who in turn pay taxes, income taxes and everything. If we were going to raise the rate on these people, many of them will have to fold up, and eventually the country will be covered by foreign magazines. Our magazines will die one after another because the rate will be too high. Maybe it is too low now, but we owe it to these people, these newspaper officials and others, because with

automation people will want to read more and more; and therefore if we do not give them the facilities of getting the books and publications they want to get, our people will all be United States and foreign-minded. We will not have enough publications from Canada to be able to furnish their minds with the reading matter they need, and the revenue the country would lose would possibly be more than the \$18 million that it costs the post office now to allow our Canadian publications to live.

Mr. SPENCER: Is that one question?

Mr. BOURQUE: Yes.

Mr. DRYSDALE: Mr. Chairman, this is more of a statement. Following Mr. Bourque's statement, Mr. Sellar, have you any breakdown of the \$24 million and the \$6 million, because we have been more or less assuming that the \$18 million is something justifiable? I do not know whether it is good, bad or indifferent, or whether anything could be done to correct it. Have you any breakdown on that?

The WITNESS: No. As I stated at the outset, these figures are supplied from post offices; they are their figures.

By Mr. Drysdale:

Q. We do not know what the \$24 million loss represents?—A. If you look at my evidence—I think it was on the first day—you will see that I said you could argue both ways, whether those costs were legitimate or not. You run a rural mail carrier, whether he had a dozen newspapers or a dozen letters. So, therefore, I am not dogmatic on that subject. Similarly, I am not taking for granted for a moment that this committee intends to make a recommendation here before the newspaper officials and everyone else who is interested in that subject are heard. I do not believe you will ever make it a self-supporting service.

Q. We are more or less looking at it and trying to make recommendations. Yet the premise within my mind is first of all to establish whether the \$24 million loss is justified and what the breakdown is on the \$6 million profit, in order to say, to start with, whether the \$18 million is justifiable. It might be possible through technological advances to wipe out that \$18 million, yet Mr. Boyle is stating he is expecting next year a loss of some \$26 million.

Mr. BOYLE: No, excuse me—a greater loss.

Mr. DRYSDALE: What do you expect it to go to?

Mr. BOYLE: I would not care to suggest.

Mr. DRYSDALE: But you expect it is going to increase?

Mr. BOYLE: It is only logical to say that; costs have gone up since 1955-56.

Mr. HARDIE: You want the over-all loss to the department. Have you any estimate of that?

Mr. BOYLE: The over-all loss in the fiscal year ended March 31 was \$400,000 odd.

Mr. HARDIE: Have you any reason to believe it would be very much different in the over-all loss for the department for the year 1958-59?

Mr. BOYLE: I would say—

Mr. WINCH: No.

Mr. BOYLE: —it is reasonable to expect, with costs going up, unless there is a change in rates.

Mr. HARDIE: Could you give an estimate?

Mr. BOYLE: No.

Mr. COATES: Has there ever been a deficit before in the Post Office Department, before 1957-58?

Mr. BOYLE: Oh, yes.

The CHAIRMAN: Could we go to paragraph 30?

Mr. SPENCER: There is one matter that may be cleared up. You can correct me, Mr. Boyle but I believe you made reference or you were making a comparison with the record in the United States for the handling of second-class mail, and I understood you to say that proportionately our loss compared favourably with that in the United States on second-class mail. Is that correct?

Mr. BOYLE: Roughly—not favourable—yes.

Mr. SPENCER: Proportionately?

Mr. BOYLE: Proportionately.

Mr. SPENCER: Is it not also a fact that in the United States they were having a loss on first-class mail whereas in Canada we were having a profit on first-class mail?

Mr. BOYLE: Yes.

Mr. WINCH: And a good one too, so it is not fair to say that we were only having a proportionate loss on second-class mail as compared with the United States, that we were going along with them.

Mr. BOYLE: Quite right. I hope I did not leave a wrong impression with the committee. The United States loss on all postal operations prior to this year, prior to the latest figures, is in the neighbourhood or \$700 million for all classes.

The CHAIRMAN: Did they take steps last year to revise their rates and re-examine the situation?

Mr. BOYLE: They have taken steps to re-examine the situation and have increased their rates on many categories.

The CHAIRMAN: And that is what Mr. Watson Sellar suggests in paragraph 34.

Mr. WINCH: Why is our first-class mail completely subsidizing our fourth-class mail?

Mr. BOYLE: Mr. Chairman, I cannot give the reason for it. I can only say it has been the policy of the various administrations down through the years.

Mr. WINCH: I want to be very careful on one thing which is not clear in my mind, and I want to make sure of it. Is it my understanding, what you said before, and I want to make sure of it that outside of postal rates which are established by a law of parliament, the rates are finally established, outside of the law, by the Postmaster General?

Mr. BOYLE: That is right.

Mr. BELL (Carleton): It is law anyway.

Mr. WINCH: Outside of an act of parliament, any other rate is established by the Postmaster General; am I correct on that?

Mr. BOYLE: I will put it the other way and satisfy you. First-class matter, letters, are fixed by parliament; the rate of postage of all newspapers and periodicals mailed by publishers are fixed by parliament. Other rates and services are fixed or decided by the Postmaster General.

The CHAIRMAN: But where periodicals or newspapers qualify for the second-class rate, it is determined by the—

Mr. BOYLE: Postmaster General.

Mr. BELL (Carleton): That is the Postmaster General himself, not the governor in council.

Mr. BOYLE: Yes.

Mr. WINCH: Does he have to submit that to the governor in council?

Mr. BOYLE: No, the Postmaster General has power under the Post Office Act to fix the rate for third-class matter or fourth-class matter, and I will not go into detail, but services—

Mr. WINCH: On his own signature?

The CHAIRMAN: And Mr. Sellar is suggesting this be re-examined; is that right?

Mr. BOYLE: As I understand, Mr. Sellar's recommendation is to clarify section 11 of the Post Office Act which deals with publishers mailings, to ensure that the statute goes into detail and covers the officers of the Post Office Department in their interpretation of parliament's desires or wishes.

The CHAIRMAN: Now, gentlemen, could we go on to Mr. Sellar, in regard to 28?

Mr. DRYSDALE: Mr. Boyle, would it be possible for you to get a breakdown on the \$24 million and a breakdown on the \$6 million, and put it in as an appendix, or into the record. I do not care how it is done, but I am interested in having a breakdown.

The CHAIRMAN: Is that possible?

Mr. BOYLE: No, it is not possible. It is possible for the future, but our program of costing which will be for several months hence is all organized and under way. Now, if we were requested or told to provide such information, it would entail a special study of this special class separately from the main cost.

Mr. DRYSDALE: I think it is necessary that this evaluation be made before there is any recommendation as to anything, section 11 or the postal rates, because it is a question first whether or not it is efficient or inefficient. I do not know and I do not care which. If it is inefficient we can probably fix it up; if it is efficient we have to do something about it. We are operating on a premise the \$18 million deficit—how it is made up we do not know—is justifiable, and I think before we try to correct the deficit, we have to find out what the cost is.

Perhaps we could push that. I just wanted to make that observation.

The CHAIRMAN: Mr. Sellar, would you like to comment on paragraph 28?

The WITNESS: In regard to paragraph 30, gentlemen, there is only one point I wish to draw to your attention.

In 1906 the expression "bona fide subscriber" was put into the act. My experience indicates to me that the phrase "bona fide subscriber" in 1906 was intended to mean a subscriber who paid a subscription. It was the practice in those days for many newspapers to carry a man who had not paid up until he died, yet report him as a subscriber. That is my case. Today we are in different circumstances having many organizations issuing publications, those publications being registered as second-class mailing material.

However, members get these publications automatically; they do not have to subscribe as part of their membership fee. The post office regulations pivot on the idea that the taking of a publication must be entirely optional. I do not think, in the case of many of that type of publication, there is any option about it. They have to take them. Moreover, I have noticed a few cases in regard to associations who have earmarked certain amounts representing the cost of the publication.

I am far from being satisfied—having been a printer in my day—that the amount earmarked as representing the cost of producing the publication actually did represent cost. Therefore I would think it would be desirable, in order to keep second-class mail for bona fide newspapers and publications—

that is my aim—that there should be a better definition of what is intended to be a recipient of the publication in order to qualify for second-class rates.

That is my point, sir, in regard to paragraph 30.

The CHAIRMAN: May I ask one question?

You referred to a specific case there, "despite the 25-cent minimum, one case was noticed where a monthly, with a circulation of over 125,000 and a subscription rate of 15 cents per annum or ten years for \$1, enjoys the statutory rate".

The WITNESS: I have not seen that publication myself for years. It used to be, and I hope still is, a first-class farm magazine. This copies an American idea. There are several of this type in the middle west of the United States where an annual subscription costs five or ten cents. They have a tremendous circulation and tremendous advertising.

What I am getting at is, can you call a subscription which amounts to 25 cents a year a bona fide subscription? It is that word "bona fide" that worries me, sir. I think in any revision to the act some effort should be made to define better, what is a subscriber.

There have been cases—Mr. Boyle can correct me if I am wrong—where a comic section going into a weekend newspaper is printed in the United States and there has been an effort to mail the whole supply for a newspaper to the newspaper through the mails, claiming that they were a recognized dealer, or a bona fide subscriber. I think the Post Office Department stood up against that situation. However, that is the sort of thing that I think should be clarified, and that is why I mentioned it, sir. This is not a big thing. It is significant to administration, but I do not think it is a matter which this committee will be tremendously interested in.

By the Chairman:

Q. Would you care to comment on paragraph 31?—A. Paragraph 31 covers "big stuff". It deals with a question that affects every part of Canada.

There is a trend today to have the editing and publishing offices in cities but to have the printing and mailing of publications in rural places or towns outside the large cities. The aim is to reduce the cost.

Q. How does that work out in fact? Can you demonstrate it to us?—A. I can demonstrate it to you.

If you take a city plant that has to pay city rates for labour, it cannot compete successfully with a rural plant that may have to pay only 60 per cent of that labour charge. That is what I meant, sir. This situation is becoming very prevalent. With all due respect to the Post Office Department, there is no consistency, in my humble opinion.

To use two illustrations of publications, both are edited in Toronto. One is printed in Oshawa and the copies go back to Toronto at the letter carrier rate which is higher than the bulk rate. The other publication is edited in Toronto and printed in Midland, Ontario, and is allowed to come back at the bulk rate. That seems to me to be inconsistent with the rule. I do not know whether that change would adversely affect the postal revenue or not, but I think it should be clarified.

Sir, there is one big thing involved. I do not know whether we are losing money or not; however I think it is a fact that in the province of Ontario there are a number of publications that are printed in Ontario and that are either trucked or moved by rail to post offices in Quebec and mailed back into the province of Ontario. For example, take a Toronto publication; naturally its circulation is much larger in Toronto than it is in Montreal. If it is mailed in

Montreal, only the copies that are delivered in Montreal pay the carrier rate, set by section 12, while those that come back into Toronto receive the bulk rate. Mr. Boyle will correct me if I am wrong when I make that statement.

Mr. BOYLE: That is quite right.

Mr. CARTER: This "stuff" that comes from the Russian embassy—we get it every day—does that come under second-class mail or third-class mail?

Mr. BOYLE: That is third-class mail.

The CHAIRMAN: Are there any further questions in regard to paragraphs 30 or 31?

Would you comment on paragraph 32, Mr. Sellar?

The WITNESS: I have said all I have to say in regard to paragraphs 31 and 32, sir.

By the Chairman:

Q. Would you care to comment on paragraph 33?—A. No, sir, I have nothing to say in that regard.

Q. Would you like to say something about paragraph 34?—A. That is covered by the first paragraph.

Mr. DRYSDALE: Mr. Chairman, in regard to paragraph 33, you say that the revenue is increasing annually, due to ever-growing volume of mailings, but costs of handling have risen quite sharply since the war. In particular, this is due to the several salary increases granted to civil servants generally. Are there not technological development to offset this increase?

The WITNESS: The Post Office Department did not give me any, sir. They said they were experimenting with various electronic devices in regard to first-class mail, but they did not refer to it as having any effect on this mailing. I believe they are thinking more in terms of first-class mail.

I think the only device that has been put in to improve the handling of second-class mail is the big scales in Toronto.

Mr. BOYLE: Yes, that is right.

Mr. DRYSDALE: Is all second-class mail handled by hand?

Mr. BOYLE: Oh, no, there are belt conveyors and such things. Mr. Chairman, I might say a word about what we are trying to do to cut our costs. We have no electronic equipment or mechanism yet to handle second-class material. We have been tackling the problem in another direction. We have been tackling the problem by requesting the publishers,—particularly large national publishers—to cooperate with us in regard to the form and make-up of their distribution lists. In other words, we ask them to go to considerable trouble to weed out their subscription copies from their news dealer copies, so that when they reach the post office they can go out and not require manual handling by postal employees. Considerable success has been achieved in that direction.

Then, the other hope we have is, as it applies to large cities, the zoning principle right on the address label will help us considerably.

Mr. DRYSDALE: Do other countries use electronic equipment on second-class mail to any extent?

Mr. BOYLE: No.

Mr. DRYSDALE: Does the United States?

Mr. BOYLE: No.

Mr. DRYSDALE: There have not been any developments in that direction?

Mr. BOYLE: No, there is considerable study going on in regard to the possibility of some mechanization in postal operations, but it is in the course

of study. When you are handling mail you are not handling sugar or potatoes; you have such a conglomeration of material that up to now countries of the world—I say that advisedly—have not found a solution to handling this stuff electronically. They are working on it and some of them have spent a considerable amount of money.

By Mr. Spencer:

Q. Mr. Chairman, I was a little astounded by what Mr. Sellar just said in regard to those papers published in one city and taken out and mailed in another city where they have a lesser number of local subscribers. I presume that is subsection (4), is it, of Section 11, Mr. Sellar?—A. It is section (d), I think.

Q. Subsection (4) says:

All copies of newspapers and periodicals referred to in this section, other than those referred to in paragraph (f) of subsection (2)—

A. Section 11, yes.

Q.

—that are addressed for delivery within the postal area of publication where there is letter carrier delivery service, are subject to postage at the rate of one cent for the first two ounces or fraction thereof—

And so on. —A. Then you go back to the earlier part where it defines—look at the top of paragraph 31 of my report where it defines what a postal area is. It says it may be—

—some other postal area approved by the Postmaster General upon his being satisfied that the posting of the newspaper or periodical within such other postal area will promote greater convenience in the distribution thereof, and that the application of this section to the newspaper or periodical when so posted will not adversely affect the postal revenues.

Now, it is when a publication, let us say, published some place in Ontario decides that it would be desirable to mail from, let us say, Montreal, that this comes into effect. The result is, being mailed in Montreal, the mail charge will be in accordance with the section you just read, but the subscribers back in the place where the publication was printed will get the bulk rate.

Mr. SPENCER: Well, that does not seem right. Does Mr. Boyle have anything to say on that?

Mr. BOYLE: Yes, Mr. Chairman. Prior to 1954 we had a couple of cases Mr. Sellar mentioned. Those two cases he mentioned were, one at Brampton and the other at Oshawa. We did not have legislation to deal with such a case. We had to use judgment, and we satisfied ourselves—we satisfied ourselves—others can criticize us if they wish—that there was no evasion of postal revenue in the decision that was given. I would rather not go into the details of the names of the publications. I do not think it is quite right.

Those two cases we had prior to 1954 on the dates that Mr. Sellar has mentioned, but in 1954 parliament passed legislation. This amendment that you have there is legislation passed in 1954 to provide authority to the Postmaster General to permit a publisher to choose a second area of mailing.

The request as we know it was through the Canadian periodical, press people, who represented that they were in competition with United States periodicals and the United States periodicals under the United States postal laws and regulations were permitted to choose—they could take any one of up to thirty separate places and put their publications in locally. Parliament decided in 1954 to permit Canadian periodicals similarly to choose another area of mailing.

The CHAIRMAN: Mr. Boyle, some newspapers have weekend supplements which they buy already printed. What rate is charged by the post office when those supplements are mailed to the newspapers and then are mailed to the subscribers?

Mr. BOYLE: The supplement is produced in one centre, printed and published in one centre and then distributed by mail to the various newspapers to place within the folds of theirs, on weekends, at the rate of two cents per pound.

The CHAIRMAN: They qualify for the second class rate, do they?

Mr. BOYLE: They are in themselves—the supplement is in itself a newspaper or periodical within the meaning of the Post Office Act.

The CHAIRMAN: Can you explain that further? How does it qualify?

Mr. BOYLE: Its form and make-up is such that it would qualify if it was mailed by an individual publisher.

The CHAIRMAN: You are interpreting the act under which you operate?

Mr. BOYLE: That is right, but it is not mailed by an individual publisher; it is used as a service by various publishers throughout Canada. It is forwarded to them in bulk and they enclose it within the folds of their publications as part and parcel of their publications.

The CHAIRMAN: If they did not pay a second class mailing rate, what rate would they pay?

Mr. BOYLE: The printed matter rate. I cannot make this arithmetical calculation quickly, but about 8 cents a pound.

The CHAIRMAN: That is a higher rate?

Mr. BOYLE: Well, they pay 2 cents now, and they would pay approximately 8 cents.

The CHAIRMAN: I am puzzled. Does not your act say that the rate applies to a newspaper going to a subscriber?

Mr. BOYLE: Yes.

The CHAIRMAN: Well, is that not stretching the interpretation a bit?

Mr. BOYLE: Well, I shall endeavour to explain the interpretation.

The interpretation is this: that in addition to what we are discussing here, there is a rate provided for copies sent in bulk by news dealers to other news dealers, and that rate is two cents a pound. That is the rate.

This supplement is not provided for in the act. There is no question about that. But the interpretation of the act led officers of the day to feel that it was economically sound and wise to accept this in bulk at the place of publication and printing and to carry it to the publisher, and then the publisher—the individual publisher—would pay the statutory rate on the whole paper which includes this as an enclosure.

The CHAIRMAN: Have you anything else, Mr. Sellar?

The WITNESS: No sir, except that on the point you mentioned, we considered it too. What worried us was, that if you had, say, 50,000 copies shipped through the mails to one address, it did not seem to us to be a bona fide subscriber.

Mr. BOYLE: Mr. Chairman, I am going to go back—and this is the end of it. Having to administer section 11 of the act has been very difficult for the officers during very many years.

When Mr. Sellar made his report, we were as happy as larks. We were trying to do something to clarify the situation.

This particular instance that we are dealing with, the instance of the supplement, is a case where the senior officers examined the news dealer

legislation, and the statutory publishers' legislation dealing with it, and they tried to tie the two together, and give a common sense ruling, having in mind the protection of the revenue of the department.

The CHAIRMAN: You are not losing money, then?

Mr. BOYLE: No. We are making money on this; excuse me, we are saving money or making money on the bulk shipments going to the individual publisher.

Where you have carload lots going out of one place to an individual publisher, that transportation handling is a profitable operation.

Mr. BELL (*Carleton*): Could that be extended within the province in any way? I am thinking, for example, could a paper company truck copies to a distant point for distribution to subscribers by mail couriers in local areas, thereby reducing the possible cost of handling?

Mr. BOYLE: There are possibilities there. As a matter of fact, I suppose everybody here is aware of the situation in the case of dailies. The dailies do not use the mails exclusively. They make their own arrangements for trucking and other deliveries. We are relieved in that case because we do not have to handle it and we do not lose money.

Periodicals have different problems. Theirs is pretty much a case of national distribution requiring the use of the mails.

Mr. BELL (*Carleton*): We have been dealing almost exclusively this afternoon with the rates and a definition of periodical or newspaper. I do not think we have really dealt with the cost of handling, and whether there is any possibility of reducing the cost of handling the publications.

Perhaps I might put it this way: in the first instance, how do you determine the present cost of handling?

Let me use as an illustration the Carp Review, which is published some 20 miles from this community and distributed entirely through the rural mail couriers.

How would you assess it? Those couriers are going to deliver mail in any event to every householder. How would you assess the cost of delivery of that second-class periodical?

Mr. BOYLE: I hope we do not get into this thing too deeply, too technically because, as I mentioned earlier in the day, it is a complicated business.

What we actually do is to take a given period of so many months, and we sample. In the case of your Carp Review, we would sample what the courier takes out, how many Carp Reviews he takes out, how many letters, how many circulars, how many parcels, and everything.

Then we break it all down and we take his contract price and we say that the proportion of his contract price to carry the Carp Review is so many cents or so many dollars.

Mr. BELL (*Carleton*): Suppose the Carp Review or the Huntingdon Gleaner failed to be published tomorrow; the cost of mail distribution in that area will be exactly the same?

Mr. BOYLE: Quite.

Mr. BELL (*Carleton*): I am not suggesting that the Huntingdon Gleaner would ever cease to be published.

The WITNESS: To those who do not know my background, I come from the Huntingdon Gleaner. Actually, both papers do not pay anything at the post office within a radius of 40 miles. They have a free distribution within a forty-mile radius.

Mr. SPENCER: Why is there free distribution on 2,500 copies?

Mr. WINCH: Is that still in effect, and if so on what basis can we agree to distribute a paper with no charge at all?

The CHAIRMAN: Mr. Spencer is first.

Mr. SPENCER: My question is the same.

Mr. BOYLE: The answer to this is the same as a lot of other answers which were made today. This free area, as we call it, has been for small weeklies which must be published in a small place. They are entitled to 2,500 copies for distribution within a forty-mile area free. That has been on the books since confederation. It has never been disturbed by any parliament. It is not for me to say, but I believe, generally speaking, these smaller weeklies such as the Huntingdon Gleaner, and the Carp Review, I assume, make money; but there are some very small weekly newspapers. I can only assume that the representatives of the constituencies decided when they came before parliament they were not going to disturb it.

Mr. WINCH: What is the cost across Canada of that free distribution? Have you any idea at all?

Mr. BOYLE: Comparatively speaking it is very, very small. I mean, it is a situation which many people feel should not exist and feel that they should pay their way like everybody else, but if they paid their way at the rates of today the effect on the revenue and the loss would be comparatively small.

Mr. WINCH: Do you investigate to determine the differentiation between those which are doing it for a straight service and may lose money and those which make money because of advertising? Do you make any investigation of that?

Mr. BOYLE: No. Our investigation is limited to this: firstly, that the weekly is a bona fide newspaper and, secondly, that it is going to a bona fide subscriber, a person who has paid the subscription or has given his undertaking in writing to pay the subscription.

Mr. WINCH: For those of not over 2,500 copies and within 40 miles of the point of distribution, there is no charge at all?

Mr. BOYLE: But there is another stipulation. The population of the place must not be more than 10,000.

Mr. SPENCER: Where it is published?

Mr. BOYLE: Yes.

Mr. BELL (Carleton): May I come back to the question of the cost of handling, because I am not satisfied that the figures on that are realistic. The impression I gained from what Mr. Sellar and Mr. Boyle have said is that this is something which is an accounting practice but—and I would like to comment on this—in fact the total cost of mail delivery would not be reduced materially if there were no second-class publications carried?

Mr. BOYLE: Mr. Chairman, if I left that impression I was wrong. I think I made the statement to one of the hon. members that it would not result in a significant change in the letter rates of postage. I do not want to leave a wrong impression. In our actual system we have four classes of mail and many, many services. We take the cost of each and get our total cost overall. We take the revenue from each and take the total revenue and get our balance, and have a little surplus or a little deficit. If we had a surplus of \$18 million, which represents the loss of handling second-class matter, definitely that would be applied to some other service to relieve or increase the service or relieve the present situation.

Mr. BELL (Carleton): That is on the basis of your apportioning, on a cost accountancy basis, the actual cost of handling each type of mail. But if you were to eliminate second-class mail completely, to what extent would there be a decrease in the total costs of the Post Office Department?

Mr. BOYLE: I am sorry; it would not be correct.

Mr. BELL (*Carleton*): It would not be correct?

Mr. BOYLE: No.

Mr. BELL (*Carleton*): Are we not charging the newspapers and the periodicals of this country with being subsidized to the extent of \$18 million, and doing it solely on the basis of a cost accountancy principle?

Mr. BOYLE: The answer is yes.

Mr. BELL (*Carleton*): I have only one further question and that is—

Mr. BOYLE: I would like to add one further remark and it is this. We have our service which would be utilized by other classes of mail if we did not have second-class matter.

Mr. WINCH: Perhaps twice a day delivery.

Mr. BOYLE: If we removed second-class matter, there would be a saving and the saving would be this: We have an R.P.O., a railway post office going from here to there. We pay for it by way of space, so much per foot on that space, on that car. Well, if we did not have publications our payments to the railways would be reduced. I do not like to deal with this theoretically because it is quite involved and I would like—

Mr. BELL (*Carleton*): I appreciate that.

Mr. BOYLE: And I would not make a guess as to what—

Mr. BELL (*Carleton*): I do suggest to you—

Mr. WINCH: Who is paying \$18 million of losses?

Mr. BELL (*Carleton*): I suggest you were dealing with it theoretically when you suggested that the newspapers and periodicals in this country have cost \$18 million.

Mr. WINCH: Of course they have.

Mr. BELL (*Carleton*): No, they have not at all.

Mr. WINCH: Every time you put on a five-cent stamp you are paying for it.

Mr. BELL (*Carleton*): You would still be paying a five-cent stamp if we did not have a newspaper or periodical in the country.

Mr. WINCH: Eye-wash; there is no sense in that.

Mr. DRYSDALE: I wonder if we could analyze the biggest items in the expenditure. They seem to be wages, which is \$83 million for 1956-1957—\$84 million roughly; and movement by land, air and water about \$49 million. Just taking those, and taking a guess in million of dollars, if the second-class matter was wiped out, what would be the results? How far would the \$84 million in wages go down, and how far would the movement by land, air and water in the amount of \$49 million go down? Have you any idea?

Mr. BOYLE: I could not hazard a guess because, as I explained, our statistics which we have taken during the years are not fine enough to establish this.

The CHAIRMAN: Mr. Drysdale, I have the same question. I wonder if I could repeat it in slightly different language. It might help the witness.

Mr. DRYSDALE: I feel insulted.

The CHAIRMAN: I do not mean it that way. Comparing the main estimate details for 1957-58 and for 1958-59, it would seem that salaries for post office operations approximated \$84,900,000 in 1957-58 and may be \$89,800,000 in the present year. Could I have the post office estimate of (a) what the increase will be in revenues from newspapers and periodicals in the current year; and (b) what will be the additional cost in handling mailings. You can give me just an approximate estimate or figure.

Mr. BOYLE: Mr. Chairman, this becomes awfully embarrassing. I am unable to answer it, and I tell you seriously I am unable to answer it.

Mr. BELL (*Carleton*): He is a good sort of witness to have.

The CHAIRMAN: That is right.

Mr. BOYLE: The reason I hesitate is because this question cannot be answered by people who have more financial experience than I have, and who work on these periodicals for months. Because this is only one factor, this is only the salary cost. As I explained to the honourable member for Carleton, you have got transportation; you have got wages; you have got contracts, which was the case in the Carp Review; you have got contracts; you have got everything under the sun.

MR. DRYSDALE: I think there are two big items; wages, \$84 million and rail, air and water transportation, \$50 million. Could I suggest or ask Mr. Sellar as an auditor, would he recommend that the post office accounting system be established or designed in such a way which would enable us to get an answer to these questions, because we seem to be continually working in the dark.

The WITNESS: Only if the knowledge gained was worth the cost. My opinion is that our approach throughout the years has been to treat a newspaper and a periodical as something to read. That was quite correct, but a big function of most publications today is to advertise; and for that advertising somebody is willing to pay the publisher good money.

I think we should place more emphasis on the charge for advertising space in publications than we now do.

Mr. WINCH: Because we are subsidizing delivery.

Mr. BELL (Carleton): We have a fictitious figure.

By Mr. Drysdale:

Q. The difficulty, Mr. Sellar, as I see it is that either we are in a position of acting by experiment to a large extent, or else we are to be put in the position of being able to get the background material in order to make our own recommendations.

What would you estimate as the added cost necessary to putting in a cost accounting system as I have suggested? Have you any idea?—A. I have no idea. My thought is this: as I said earlier today, I am not expecting this committee to recommend that rates be increased 600 per cent or anything like that. All I expect this committee might do is to recommend that the government take a look at the picture. I would expect that it would act to increase rates without the data being available which would combat the arguments for such an increase.

Q. The difficulty is that we are here to make recommendations although we cannot get a breakdown of the \$24 million item or the \$6 million item. There is an \$18 million deficit but we do not know how it is made up or what it is based on.

This may be a personal difficulty only, but I do not know how I can make a recommendation until I find out how the money is being expended at the present time.—A. Correct, sir.

Q. How do you, as Auditor General, know that it is being expended properly?—A. Mr. Chairman, it all depends on what the hon. member has in mind in the form of a recommendation. If he has in mind simply a recommendation—has heard enough to make him wonder—that there should be an investigation made into this, then that would be all that he should recommend.

Q. How do you know, as Auditor General, that—A. If he is thinking of going beyond that, that would be an entirely different matter. I think it would be very foolish to go beyond that.

Q. How do you know, as Auditor General, that these expenditures are being made properly?—A. All I can say as Auditor General is, I know that the people in the Post Office Department have from time to time, over the years,

made cost studies. I have reason to believe that they are reasonably accurate in the manner in which they were compiled. However, I reserve my opinion as to whether in the political sense they are right. I say "political sense", quite deliberately because, you members cannot sit back and ignore your newspaper and periodical friends. You must think of them and their subscribers.

All I am suggesting is that we get this section cleaned up so that bona fide newspapers and periodicals do not have to carry others that are not. Let us take a small example, the monthly letters from the banks. You have all read them. They come out as second-class matter. No one subscribes to them. We all get them. They are all good, we all enjoy them and benefit from them. However, under section 11 the Postmaster General has the power to fix a rate for them, it is not the same rate that periodicals and newspapers have charged to them. Nevertheless, is it right that that should be second-class mail?

Q. Could I put it this way—I hope Mr. Boyle does not consider this as an attack on the post office because I do not mean it that way—what I am trying to ascertain is the best way of correcting this problem.

Would you recommend that a study be made of the \$18 million deficit in order to find out what the deficit consists of and what can be done perhaps to reduce it by economical factors? Then we would arrive at a basis of rates or various schedules of rates so that they would pay their way, or half their way or whatever we deem expedient.—A. Mr. Chairman, you are going further than you need to. The responsibility rests upon the government in regard to recommending rates. You are the individuals whose responsibility it is either to accept or reject the government's proposal. Therefore, I would say it is upon the government's shoulders to make a study. If it feels a change should be made, then the change should be recommended to the House of Commons. That is my approach.

By the Chairman:

Q. That suggestion is contained in paragraph 27?—A. Yes.

Mr. WINCH: In regard to the same thing, could I ask a question of the Auditor General?

By Mr. Winch:

Q. I put this question quite bluntly because Dick, here, maintains that the loss is fictitious. I am taking the position here that as Auditor General you would not put anything in your report unless you were pretty damn certain of your observations.—A. I hope so.

Mr. BELL (Carleton): There is no observation on that subject.

Mr. WINCH: Hold it, now. Dick, here, maintains that this matter of loss is fictitious. I am basing my remarks on your report at page 8 which says: "postal revenue from mailings of newspapers and periodicals currently approximately \$6 million annually, while the post office estimates that the cost of handling these is about \$24 million a year."

I maintain that you, as Auditor General,—when you put that in—knew damn well what you were putting in and you have a good opinion about it.

Mr. BELL (Carleton): You have put in the estimate of the post office for the cost of handling it.

By Mr. Winch:

Q. Dick here says that the \$6 million is a fictitious cost. I would like that cleared up right off the bat.

The CHAIRMAN: Let us keep to the rules here.

Mr. SELLAR: About twenty years ago I was named chairman of a committee—I was then comptroller of the treasury—I was named chairman of a committee set up by the government to report back to the government and to the Postmaster General what was the position with respect to second class matter. That was my first interest in the subject. We were all departmental officials. Mr. Boyle reminds me that he was secretary. Peter Collican was also a member but he did not vote.

We found then in the course of our inquiries that I think the cost was around \$6 million to mail newspapers in those days, and that we were getting about \$1,800,000 in revenue. We made certain recommendations but nothing ever happened. But I learned then how costs were calculated, because I sent some of my own men out to make an analysis of the costs in the Toronto post office and elsewhere. I think, going through the years, the post office has figures that you can depend on as a cost analysis, but there is a difference—

By Mr. Winch:

Q. But Mr. Bell tells me right here that this \$60 million loss is fictitious, and I say you would not put that in if it was fictitious.—A. In my opinion there is a loss or something associated with loss on other things as well as newspapers.

Mr. BELL (Carleton): Exactly; that is my point.

The CHAIRMAN: Are there any other questions? We have not got a quorum, so I will have to ask you, are there any other questions?

Mr. BELL (Carleton): There is one. I wonder how much the second class deficit would be reduced if we increased the rate on only Liberal newspapers?

By Mr. Winch:

Q. I assume there is no quarrel on that. I would like to ask if I can—and this does not need to go on the record at all—if in the course of our meetings here I believe that a member of this committee has been given an absolute lie, can you as Auditor General—because it involves an expenditure of public money—can you check?—A. Does it affect public money?

Q. Yes, on staff. Can you check? If any honourable member of this committee has had information given that is an absolute lie, can you as Auditor General make a check?—A. I would have to have a little more particulars than that. Naturally, you do not want to give that now. In the ordinary course of events in a case like that if it involved revenue or expenditures—

Q. It is expenditures.—A. —the Minister of Finance would first throw it on the comptroller of the treasury to investigate. What do you say, some time you just give me some particulars, and I will tell you what I can do?

The CHAIRMAN: Gentlemen, I will have to adjourn now.

Mr. DRYSDALE: Mr. Chairman, on a point of privilege, with reference to the quorum, I refer you to Beauchesne, page 237, paragraph 288:

What is the effect of the absence of a quorum upon the validity of a committee's proceedings?—If there is a quorum when a committee begins to work and that quorum melts away, it will be for the House, I think, in each case, to determine whether it would be necessary to recommit the bill.

So I feel that we can still sit without a quorum since there was one to start with.

The CHAIRMAN: What paragraph?

Mr. DRYSDALE: 288.

Mr. WINCH: We are now down to eight.

The CHAIRMAN: I forgot to announce that the steering committee will meet at six o'clock in room 563.

Mr. WINCH: At six o'clock?

The CHAIRMAN: That is correct. We will adjourn.

APPENDIX D

DEPARTMENT OF FINANCE COMPTROLLER OF THE TREASURY

651 Confederation Building,
OTTAWA 4, August 5, 1958.

Watson Sellar, Esq.,
Auditor General of Canada,
Justice Building,
Ottawa 4, Ontario.

Dear Mr. Sellar:

In accordance with your request, the following is a general outline of the audit work carried out at Avro Aircraft Limited and Orenda Engines Limited, at Malton, Ontario.

The audit is carried out by our Cost Inspection and Audit Division employing one Resident Treasury Auditor in charge of the audit of both contractors, assisted by two men in each plant. This staff of five is presently augmented on a temporary basis by two additional men. All are under supervision of a Field Supervisor.

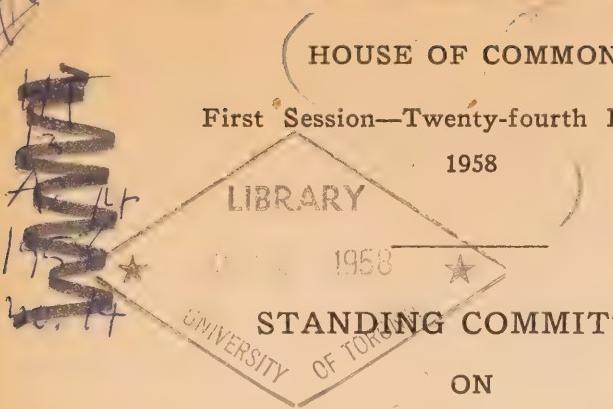
The audit is carried out in close liaison with the Department of Defence Production Resident Production Officer and staff and also with R.C.A.F. Technical Representatives. Audit is carried out on contracts upon the request of the Department of Defence Production and is governed by contract terms. Costs are determined in accordance with Department of Defence Production Costing Memorandum D.D.P.-31.

The scope of audit consist of comprehensive test and analysis of the recording of direct labour and material costs and a more detailed examination of overhead expense accounts, sub-contract and direct charges. This work is carried out currently as is the verification of monthly progress payment claims. A major portion of the Resident Auditor's work is involved in providing verified current information to aid the Department of Defence Production in contract negotiations.

Sub-contractors' costs are audited when necessary.

I trust that this will provide the information which you require.

B. G. MacIntyre,
Comptroller of the Treasury.



Government
Publications

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

WEDNESDAY, AUGUST 27, 1958

WITNESS:

Mr. Ernest Cormier, Architect, Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserdien
Bissonnette	Hales	Nugent
Bourget	Hanbidge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Simcoe North</i>)
Carter	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Cathers	MacRae	Spencer
Chevrier	Martel	Stewart
Coates	McGee	Valade
Crestohl	McGregor	Villeneuve
Dorion	McMillan	Walker
Drouin	Morissette	Winch
Doucett	Morris	Wratten
Drysdale	Morton	Yacula

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

WEDNESDAY, August 27, 1958.
(16)

The Standing Committee on Public Accounts met at 1:30 p.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Bell (*Carleton*), Bissonnette, Campeau, Cathers, Coates, Doucett, Drouin, Drysdale, Fraser, Grenier, Hales, Keays, Macdonald (*Kings*), Macnaughton, MacRae, McGregor, Morissette, Morton, Murphy, Nasserdien, Pratt, Smith (*Winnipeg North*), Spencer, Stewart, Villeneuve, Walker, Winch, and Wratten—28.

In attendance: Mr. Ernest Cormier, Architect, and his counsel, Mr. F. P. Varcoe, Q.C., from the Department of Public Works; Major General H. A. Young, Deputy Minister; and Mr. J. O. Kemp, Contracts Division, Building Construction Branch.

The Chairman outlined the decision reached by the Steering Committee relating to meetings to be held by the Main Committee on Wednesday, August 27. He then read a message from the Leader of the Official Opposition, respecting the decision of the Members of the official Opposition, except the Chairman of the Committee, not to attend the meetings of the Committee at 1:30 p.m. to 2:30 p.m. and at 7:00 p.m. on that date. Discussion followed.

Documents relating to the appointment of Mr. Cormier, as architect for the construction of the Government Printing Bureau, were tabled and identified as “*Exhibit P-15*”.

Mr. Cormier was further questioned respecting the drawings and plans respecting the Printing Bureau.

At 2:30 p.m., Mr. Cormier was permitted to retire until 7:00 p.m. and the Committee turned to “*Consideration of the Form of the Public Accounts*” (See related information in Minutes of Proceedings and Evidence No. 15).

EVENING SITTING

The Committee resumed at 7:00 p.m., this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Bell (*Carleton*), Campbell (*Stormont*), Campeau, Cathers, Coates, Doucett, Fraser, Grenier, Hales, Keays, Macdonald (*Kings*), Macnaughton, MacRae, McGregor, Morton, Nasserdien, Pratt, Smith (*Winnipeg North*), Spencer, Stewart, Walker, Winch, and Wratten—23.

In attendance: Same as at the 1:30 p.m. to 2:30 p.m. meeting of this day.

The Committee resumed its consideration of the costs of construction of the Government Printing Bureau.

Mr. Cormier read a prepared statement in an endeavour to clarify certain points discussed previously by the Committee.

The Deputy Minister of Public Works filed with the Committee a Report from Mr. Powers, Printing Consultant Engineer, dated August 9, 1949, concerning certain changes that should be made in the plans of the new Printing Bureau. (This document was identified as "Exhibit No. P-16").

Quoting from the above-mentioned document, Mr. Winch posed a number of questions.

Mr. Cormier presented a copy of the Report he made to the Department of Public Works, dated August 25, 1949, respecting the changes recommended by Mr. Powers in the document mentioned in the preceding paragraph. (Mr. Cormier's report was identified as "Exhibit No. P-17"). The witness read extensively from this document; and in this he was assisted by Mr. Varcoe.

Mr. Cormier was further questioned by his counsel and by Members of the Committee.

At 9:00 p.m., the Committee adjourned until 9:30 a.m., Thursday, August 28, 1958.

E. W. Innes,
Acting Clerk of the Committee.

EVIDENCE

WEDNESDAY, August 27, 1958.

The CHAIRMAN: Gentlemen, we have a quorum, and I would like to make a few remarks.

Members of the public accounts committee will recall that at the morning meeting held on August 26, the question of extra sittings of the committee was discussed and the matter finally was referred to the steering committee for a decision and report.

After very considerable discussion in the steering committee, it was resolved by majority vote, with Messrs. Pickersgill and Winch dissenting, that the committee sit on Wednesday, August 27, at 1.30 to 2.30 for continued questioning of Mr. Cormier with regard to the printing bureau, from 2.30 to 5 o'clock for consideration of a form of the public accounts, and from 7 o'clock for further examination of Mr. Cormier.

Members will have noticed that aside from the chairman, no Liberal members of the committee are present, and in this connection I would like to read a message sent to me by the Leader of the Opposition:

August 27, 1958.

Dear Mr. Chairman:

This is to advise you that:—

The Liberal Members of the Public Accounts Committee, apart from the Chairman, will not attend the meetings of the committee called for 1:30 to 2:30 this afternoon and for 7:30 this evening.

The decision to hold these meetings to continue the investigation of the printing bureau was made by the government majority of the steering committee, over the protest of the representative of our party on the steering committee and, I am informed, also over the opposition of the C.C.F. member.

These meetings decided on yesterday evening by the government majority on the steering committee are in addition to the meeting already called for 2:30 this afternoon for other items that are under consideration by the committee.

Before this decision was taken, the steering committee had been informed that certain Liberal members could not be present at these additional meetings because of other urgent demands upon their time in connection with pressing duties in the closing days of the session of the House where so much work remains to be done.

The position taken by the majority on the steering committee makes it impossible for certain members of the Liberal opposition to perform their duties effectively both in this House and on the committee.

While no member of the official opposition, apart from the chairman, will be able to attend the meetings of the public accounts committee today at 1:30 or at 7:30 p.m., they will be present, as usual, at the regular committee meetings each day at 9:30 a.m., to consider the printing bureau, and at 2:30 p.m. for other business.

We, in the official opposition, are as anxious as the members of the majority to investigate with thoroughness and fairness the ex-

penditures on the printing bureau. There is certainly no justification, however, for holding meetings so frequently as to make it quite impossible for members of the opposition to perform their parliamentary duties efficiently.

Yours sincerely,
(signed) L. B. Pearson

Mr. SPENCER: Mr. Chairman, I am not a member of the steering committee. However, I believe that in the light of what was said yesterday that I would be expressing what I hope is the feeling of the majority of the members of the committee, if not all of them, when I say that I cannot quite understand the attitude of the Liberal members of this committee.

I might also mention that in looking at the minutes of the meeting of August 25, when it was decided that this committee would meet yesterday afternoon at 2.30 p.m., and continue through the afternoon on a consideration of the post office affairs, that the house at that time was in session, and the motion that was made was made by Mr. Bell and was seconded by Mr. Winch representing the C.C.F. party.

Now, at the sittings of that committee—and I do not think anybody would contend for a moment that the affairs of the post office department which were brought to our attention by the Auditor General are nearly as important as those pertaining to the printing bureau, nor for that matter what we have to consider later on this afternoon—but those affairs are being dealt with by the committee and I understand no objection was taken to this committee meeting on those two matters during periods of time when the house is sitting.

Be that as it may, we have not asked in this instance that the committee sit while the house is in session. We are meeting now during the noon adjournment for a period of only one hour, and Wednesday evening is an evening that is open, and we are meeting tonight again at a time when the house is not in session. I cannot believe that when they are agreeable and were agreeable to the committee sitting this afternoon, and again tomorrow afternoon on matters pertaining to the things that were referred to this committee without objection, that they should now object to sitting at times when the house is not in session on a matter so important as this printing bureau.

We all know that the house session is nearing its end; we have a lot to do. I have no doubt that they wish that certain other witnesses be examined. I think there is a feeling—and I hope, Mr. Chairman, you concur with the idea—that an interim report should be made. But in any event there is a great deal of work still before this committee to be completed before the house session terminates, and I do not see how it can be done unless we do sit when it is convenient at times when the house is not sitting.

I can see no merit or no good reason whatsoever for this attitude on the part of the Liberal members.

Mr. WINCH: Mr. Chairman, I am a member of the general committee, and also a member of the steering committee. I hope you will not mind that I am talking through a very bad case of flu.

The CHAIRMAN: Which you gave to me,—or shared

Mr. BELL (*Carleton*): Shared with another one too—three of us.

Mr. WINCH: Mr. Chairman, I want to tell the general committee that I was one of the two when our steering committee met last night who objected to the sittings for today.

I do not know whether all of us recognize complete responsibility beyond our own position as to where we stand in the House of Commons. I do hope, Mr. Chairman, that all members of this committee recognize that one of the great positions in rule and authority is the position of the opposition to do its job in the House of Commons. Admittedly, the Conservatives have a very big

majority, that is correct. But there is in democracy and parliament a terrific responsibility on the opposition. That means not only being in the House of Commons, but also being on committee.

Mr. Chairman, I want to make this statement. I think honestly and sincerely the opposition has done its best to try to cover its responsibilities both in parliament and on committees. But now we have, as the result of a request made by an honourable member of this committee yesterday, referred to the steering committee, a decision that on this day when the house meets until one o'clock that this committee should meet at 1.30, undertake certain work until 2.30, then start again at 2.30, carry on until 5, and then on the only week-night off that members have, not only for recreation and relaxation, but to prepare their work, that is wiped out by a majority decision of the steering committee.

Personally, sir, I joined with the Liberal member on the steering committee in opposition that Conservative members by their majority should work us to death and not give us the opportunity to do the research work required in this committee itself in asking questions.

I have no regret, Mr. Chairman, whatsoever for the stand that I took in the steering committee at six o'clock last night. What I think is of perhaps more importance than that, Mr. Chairman—and I hope you will allow me to say it—not doing any boasting, sir, but I want to say this, that I have had the opportunity in 25 years to be a member of the public accounts committee for 20 years, the opportunity of being four times a member of what you might call a royal commission, but because they are members of parliament it is called a parliamentary committee in between sessions—

Mr. BELL (Carleton): Before the honourable member continues, yesterday he told me after we were through on the steering committee he was prepared to sit at 1.30 today and indicated his agreement with that.

Mr. WINCH: I was prepared—as a good socialist I always will be—to make a compromise, but neither the Conservatives nor Liberals would compromise at my suggestion.

Mr. BELL (Carleton): You mean, Mr. Winch, that the Conservative group were prepared to go along with you and the one who would not compromise was the member of the Liberal party, Mr. Pickersgill, the one in this situation who causes all the diversionary tactics. Mr. Pickersgill has taken that position all along, since the beginning.

The CHAIRMAN: I do not entirely agree with those last remarks.

Mr. BELL (Carleton): And I, as the one who is speaking, do not agree with your statement.

The CHAIRMAN: I think it is out of order to discuss what went on in the steering committee. We have reached a decision and I simply gave the bald facts.

Mr. WINCH: As a member of the steering committee I have a great regret and I want to express it, Mr. Chairman, if I may. I want to express regret that the Liberals are not here at 1.30 this afternoon, that a statement has been issued by the Liberal leader before it could come before our committee on the level of the steering committee. That is all I am going to say about that. But I do want to say this—and I want to make it most emphatic if I can—perhaps it may have some meaning and some effect.

I was telling you it was my privilege to be for 20 years on the public accounts committee outside this house, and a member of a parliamentary committee in between sessions.

Sir, we started off very well on this committee—

Mr. WALKER: Mr. Chairman, is this in order?

Mr. WINCH: I hope that I can just make one statement.

The CHAIRMAN: Well, Mr. Winch is a member of the steering committee and through our fourteen meetings he has been relatively silent.

Mr. SPENCER: Yesterday afternoon?

Mr. CATHERS: Have you a purpose?

Mr. WINCH: I have a purpose, yes.

Mr. CATHERS: Get to the point.

Mr. WINCH: I believe the way things have been going on in this committee in our last few meetings is making a complete farce of this committee, that it is not being carried on for its original purpose as a fact-finding committee. I honestly believe from my position sitting here—and, Mr. Chairman, you yourself have admitted, and Mr. Bell will—that I have been very, very quiet to date.

Mr. DOUCETT: That is your opinion.

Mr. WINCH: That is my opinion.

We are now completely out of our realm of fact-finding. It has become a McCarthy committee and we can do a job only if it stops.

Mr. BELL (*Carleton*): Nonsense.

Mr. WINCH: My friend says nonsense. I say that is what is happening, that politics and persecution have been the role of this committee instead of fact-finding.

Mr. BELL (*Carleton*): Tell us where there is persecution.

Mr. WINCH: You and Walker.

Mr. BELL (*Carleton*): Of whom?

Mr. WINCH: It is not a fact-finding committee at all.

Mr. BELL (*Carleton*): Who is being persecuted here?

The CHAIRMAN: Order please.

Mr. WINCH: Mr. Chairman, if I were allowed to say what I want to say without interruption, I would be through in a couple of minutes. Now, because they cannot do it, because they do not understand our purpose they have held us up day after day, and playing this game of politics and persecution with anyone who comes before them.

Mr. BELL (*Carleton*): Tell us who?

Mr. WINCH: Every person you have ever questioned yet.

Mr. BELL (*Carleton*): I have not questioned anybody yet. Tell us who is being persecuted. That is complete nonsense.

Mr. WINCH: I completely disagreed with the decision of the steering committee on the hours we were to meet, but I want to say to the members of this committee quite honestly and sincerely that having had a job after—

Mr. MURPHY: Put another C.C.F. member on this to take your place.

Mr. WINCH: Well, thank you. If we will carry through the original intent of this committee as a fact-finding committee, Mr. Chairman, I have a question or two to ask, but they will be straight questions.

Mr. WALKER: You have had that opportunity.

Mr. WINCH: All right, Mr. Walker.

Mr. WALKER: You will have an opportunity again.

Mr. WINCH: Thank you.

Mr. MURPHY: You have had it all along.

Mr. WINCH: Oh no I have not.

The CHAIRMAN: Let us get on with our business.

Mr. WINCH: I oppose the way we are sitting now. It is unfair to the official opposition, it is unfair to the C.C.F., but the important point is, sir, that I believe we can do a job on this committee if the members of this committee will stop sniping, sneering and adjuring.

Mr. MURPHY: That is just nonsense.

Mr. WINCH: Mr. Chairman, I have made no objection right from the beginning. I am not delegated by the Conservatives or the Liberals. I am speaking for myself.

Mr. PRATT: I have some questions relevant to fact-finding, Mr. Chairman.

The CHAIRMAN: Would you mind holding your questions for a little while, Mr. Pratt?

Mr. PRATT: I would be glad to.

The CHAIRMAN: I have one or two procedural items to bring before the committee.

Mr. BELL (*Carleton*): There are some matters which I do not want to let pass unnoticed I want to speak in the most moderate terms possible. It would be very easy to engage in political terms, but I decline to do so, much as the temptation may be.

There is no principle involved here—none whatever. The situation is deliberate. There were chosen hours at which the house was not sitting. A motion was put in the ordinary way before the steering committee and it was carried in the ordinary way.

The statement can only be made that the majority must at least have certain rights. The majority in this committee has been as considerate as it is possible for a majority to be, and it will continue to be.

The majority in this committee has nothing but respect for the chairman. It has admired the way in which the chairman has carried on and it wants to continue to support him.

An attempt has been made to suggest that there is something extraordinary about the way in which this committee has been conducted.

I have before me the report of the last occasion when the public accounts committee carried on an investigation. They sat three times a day.

Let me take you back to May 31, 1939, when the committee on public accounts sat from 11.15 a.m. until 1.05 p.m., and again from 2.30 p.m. until 6 o'clock.

On June 1, 1939, they sat from 11.15 a.m. until 1 p.m., again from 2.30 p.m. until 6 o'clock, and again from 8 p.m. to 11.15 p.m.

On June 2nd, they sat three times during the day and again on June 3rd.

Sir, that procedure was carried on at a time when there were far fewer members of the official opposition than there are at the present time.

The manner in which the present members of the opposition carry on and organize their affairs in the House of Commons is no business or concern of mine or of any other member constituting the majority of this committee.

Yesterday Mr. Winch was prepared at all times to meet the wishes of the Conservative group of the steering committee.

Mr. WINCH: No.

Mr. BELL (*Carleton*): Yes.

Mr. WINCH: That is not correct.

The CHAIRMAN: I do not think it is very material to our discussion this afternoon.

You will not be long, Mr. Bell?

Mr. BELL (*Carleton*): I will not be long, sir. But I want to say this: that this is a disagreement purely on the question of when we shall sit.

This committee can get ahead and do a job. I think the chairman of this committee has set an example for the committee of how we can get ahead and do a job of fact finding.

I am not just interested in what this committee does at this session of parliament; I am interested in seeing that this committee is an effective committee for the balance of this 24th parliament of Canada. I believe we can do a real job in that respect.

I think that the political matters we have heard expressed here might perhaps be forgotten. Let us get ahead and do a job!

Mr. WINCH: I was interrupted.

Mr. BELL (*Carleton*): No, you were not interrupted.

Mr. WINCH: I gave you the floor.

Mr. BELL (*Carleton*): No. I was finished. Somebody intervened.

Mr. WINCH: One thing which is of major importance, and which I ask all members of respective parties to believe is that this committee is a fact finding body. Let us stop the "McCarthyism" that has been going on.

Mr. MURPHY: Put on a new needle.

Mr. WINCH: I want to ask a question.

Mr. MURPHY: Sit down then, you are just wasting time.

The CHAIRMAN: Order, please.

Mr. WINCH: I am convinced that we can do a job here, although I objected in the steering committee to sitting tonight. Let us get started right away. The sooner the better.

Mr. DRYSDALE: Mr. Chairman, I rise on a matter of privilege.

The CHAIRMAN: Is this to be another speech?

Mr. WINCH: I have said that the Liberal member expressed my objection. I still believe that there was an endeavour made to slow down this committee by Mr. Pickersgill and by Mr. Chevrier. I believe that.

The CHAIRMAN: I do not believe it for one instant.

Mr. DRYSDALE: On a point of order, Mr. Chairman, you started out by reading a statement from the leader of the opposition as to the legitimate reasons why members of the Liberal party would not attend this committee meeting.

I could have understood his viewpoint earlier in the session when three or four committees were meeting at the same time.

The CHAIRMAN: What is your point of order?

Mr. DRYSDALE: At present there is only one committee meeting, and I refer you to page 237 of Beauchesne where the statement is made:

If several members persist in not attending a committee to which they have been appointed, in order to prevent it from dealing with a question to which they are opposed, they can be adjudged guilty of contempt. Every member of a legislative body is bound to serve on a committee to which he has been duly appointed, unless he can show the house that there are conclusive reasons for his non-attendance. If a member is not excused and nevertheless persists in refusing to obey the order of the house, he can be adjudged guilty of contempt.

I suggest that in the statement made by the leader of the opposition there were no conclusive reasons offered for the absence of members of the Liberal party.

The CHAIRMAN: The whole legislative program in the House of Commons is more than a sufficient reason to absent oneself.

Mr. CATHERS: Mr. Drysdale has a point, that this is contempt of this meeting.

The CHAIRMAN: I shall leave that to the members of the committee to deal with themselves.

Ernest Cormier, Architect and Engineer, called:

The CHAIRMAN: I produce exhibit P-15, letters and order in council. First, there is a letter of May 28, 1948. It is a letter of acceptance from Mr. Cormier to Mr. Gustave Brault, the acceptance of a job; and to that letter is attached some of the details as sent by Mr. Brault, the chief architect, to Mr. Cormier, so advising him of his position, together with the order in council of May 20, 1948.

There are five photostatic copies.

Mr. SPENCER: Is the letter of May 26, 1948, there?

The CHAIRMAN: Yes.

Mr. FRASER: Will they be published as an appendix?

The CHAIRMAN: I do not think they should be.

Mr. BELL (*Carleton*): I think the order in council contains almost all that is in the letter of May 26th. If anyone feels it is necessary, they can be put in as an appendix.

The CHAIRMAN: We have with us this afternoon Mr. Ernest Cormier. I am sorry Mr. Pratt. Did you wish to ask a question of Mr. Cormier?

Mr. PRATT: Yes, if I may.

The CHAIRMAN: I understand the procedure was to be that Mr. Walker would pick up from where he left off.

Mr. WALKER: Quite frankly, as long as I do not lose my precedence when Mr. Chevrier returns, I would be delighted to have Mr. Pratt ask his questions.

The CHAIRMAN: Are you conceding the floor to Mr. Pratt?

Mr. WALKER: Yes, on the understanding that I may finish up outlining my case.

The CHAIRMAN: Yes. You may start Mr. Pratt. And may I point out that the questions should be direct ones.

Mr. PRATT: They will be.

The CHAIRMAN: And also may I remind you that the witness will speak in English, which is not his native tongue.

Mr. WALKER: May I suggest, in view of the fact that the Liberals are absent, we see to it that no question is asked of Mr. Cormier to which any objection can be taken, in view of the fact that the Liberals will not be here to object. Therefore I suggest we make a special effort in phrasing our questions so that we do not need any objection to them.

Mr. BELL (*Carleton*): I notice the witness has his very distinguished counsel with him today, a former deputy minister of justice.

Mr. PRATT: May I ask you this question?

The CHAIRMAN: There is no objection on the part of the committee to Mr. Cormier having his counsel with him. Whom are you acting for, Mr. Varcoe?

Mr. F. P. VARCOE, Q.C. (*Counsel for Mr. Cormier*): I am acting for Mr. Cormier.

Mr. WALKER: And you are a former deputy minister of justice?

Mr. VARCOE: Yes.

By Mr. Pratt:

Q. I have never had so much difficulty obtaining the floor in my life.

I would like to turn this discussion toward a few simple fact-finding questions of Mr. Cormier. Now that we are finally successful in obtaining possession of the so-called plans which have been filed as an exhibit, it has only taken a very brief look to convince me that I was right in my original opinion as to the reasons behind the reluctance.

The CHAIRMAN: That is not a question, Mr. Pratt. You are making a statement.

Mr. PRATT: I will put it in a question.

The CHAIRMAN: You are making a statement.

Mr. PRATT: I think we have half an hour; may I make a statement?

The CHAIRMAN: No, we have had enough statements; put it in the form of a question.

Mr. PRATT: I will do that.

By Mr. Pratt:

Q. It did not take very long to convince me as to the reasons behind the reluctance in filing these or any other plans before the members of this committee?—A. I do not know what you mean by that statement.

The CHAIRMAN: Anything we could file, we have filed. The question is we may have filed too many.

Mr. PRATT: I do not think we have.

The CHAIRMAN: I cannot agree with the last statement.

By Mr. Pratt:

Q. I would like to ask Mr. Cormier a question. As a member of a very honourable body, the Royal Architectural Institute of Canada, does he not agree with me that if those are all the plans filed to justify a \$10 million excess on a \$6 million contract, would he call these reasonable exhibits?—A. I do not know what has been filed.

The CHAIRMAN: Will you show us what you have?

Mr. PRATT: There are eight exhibits here which I will go through.

The CHAIRMAN: Refer to them, please.

Mr. PRATT: I will do even further myself and say these are phony exhibits. First, there are no working plans or specifications. These are only very sketchy preliminary floor plans of sections, with a plot plan of the site, which is repeated twice—exhibit P-7 is a plot plan of the site; P-14 is the same plan. There is one exception. There is one detailed drawing, exhibit 13, which is being put in there for some unknown reason, and it is an unnecessary detail, two feet to the inch, details of a window elevation of some part of the building.

The WITNESS: Yes, but you do not understand it.

An hon. MEMBER: Nobody else does.

The WITNESS: You are not an architect.

By Mr. Pratt:

Q. These are not contract documents?—A. No.

Q. You could not make a contract with them?—A. No, never intended to.

Q. Good. That is the basis of my question. But does Mr. Cormier believe these to be reasonable plans upon which this committee can discuss an excess of \$10 million on a \$6 million contract? How can we possibly learn anything from these preliminary sketches? Will you answer that question?

The CHAIRMAN: That statement of yours is not correct. I am afraid you must know that. If you read the evidence, a difference of \$10 million is not a correct statement.

Mr. PRATT: Let us not quibble about the exact amount of the excess; we are all agreed there is an excess. I am asking him a direct question: does he, as a responsible architect, believe these plans are sufficient to discuss any excess or any estimate, other than a very rough estimate, which one could make up by pacing the building as it exists now and giving a cube of all that on a cubic foot basis? Could he make an estimate with these plans?

The WITNESS: You speak of the \$6 million estimate; that, to my mind, has never existed in my dealings with the government—never.

By Mr. Pratt:

Q. That was not my question.—A. That was taken out of the air somewhere.

Q. Are these plans capable of being discussed by this committee or by a group of architects, engineers or contractors as a means of basing a price, or are they not just preliminary sketches?—A. Not sketches.

Q. Preliminary drawings?—A. Yes.

Q. Good, you have admitted that.—A. Yes.

Q. There are no details, except exhibit P-13?—A. You just complained there was too much detail. You complained there was a large scale detail of one isolated window. You do not understand that. That applied to a number of windows, perhaps 200 feet long. You do not understand. The glass section there was intended to represent work all around the building. You are an architect, but you do not understand plans.

Q. I understand very well there are hundreds of detailed plans necessary. None of these are the plans here.—A. Not at that juncture.

Q. I will show you an example. P-13—this is the only detailed plan, two foot to the inch, and it is the only one out of eight exhibits. It is a detail on which we are supposed to make estimates on the entire building by repeating it?—A. There was no estimate at that time. No one is going to—

Q. I ask the committee to take communication of this document?—A. Give the number of it.

Q. P-13.—A. What is it?

Q. A large scale detailed sketch of some windows from some part of the building, and it is not specified on the plan; your plan 6—it is an elevation detail dated 1948.—A. That was to be repeated 150 times.

Q. In my opinion it is padding.—A. That is a very unfair question.

The CHAIRMAN: Mr. Pratt, please confine yourself to question; we do not want opinions and statements.

Mr. PRATT: After taking communication of these documents, I find it very difficult to confine myself.

The WITNESS: That is very unfair. I would be very curious to see in your files the kind of drawings you are doing.

By Mr. Pratt:

Q. Remember, Mr. Cormier, there are no specifications on the exhibit.—A. No, not at that time.

Q. At this time.—A. No, there were no specifications and there should not have been.

Q. How can we work from lack of specifications and plans?—A. Do you make specifications before the final plans are made?

Q. That is not my question.—A. Do you make specifications when you make preliminary drawings?

Q. That is not the question. You said these were the plans and many people, including the press, have taken it that the plans were produced and I am trying to prove the plans were not produced. You produced some preliminary sketches on which no one— —A. Not "sketches", I have said a hundred times.

Q. Preliminary drawings.—A. Well, call them that; they are much more complete than sketches. The printing equipment is shown on them.

Q. Let us not make it too difficult for the stenographer. They are sketchy preliminary drawings.—A. Not at all; that is your opinion.

Q. I will leave it to the committee to decide that. Exhibit P-7 is a grid 100 feet to the inch which, as I said before, is the same as exhibit P-14. I will come back to this later. Exhibit P-8 is the first floor sketch plan drawing, 16 feet to the inch, on which no architect or engineer— —A. Do not call these sketch plans; call these preliminary drawings. The title is that. Read it properly.

Q. I use the word "preliminary".—A. I object to the word "sketch".

Q. In so far as they are incapable of being used for estimates, Mr. Cormier. P-8 is the first floor plan, P-9 the second floor plan, P-10 the third floor plan, P-11 is a plan concerning the elevation of a powerhouse eight feet to the inch, P-12 a preliminary sketch plan of the section sixteen feet to the inch.—A. There is the word "sketch" again.

Q. That seems to be your strong point.—A. Oh yes, certainly.

Q. You object to the word "sketch". P-13 is a large detail, the only one; and you know, Mr. Cormier, there must be hundreds of details in the erection of such a building.—A. Yes, on preliminary drawings.

Q. You admit that; and P-14 is a grid plan.—A. He is not an architect at all.

Mr. BELL (Carleton): Let us not make statements like that.

Mr. PRATT: Are you putting that on the record?

The WITNESS: No; wipe that out; I am very sorry.

Mr. PRATT: I also had opportunities in engaging in buildings of this nature when I was a young man, after graduation. I refused to take them for the simple reason that I did not wish to end up in the hot seat of a parliamentary committee, such as you have done this week.

Mr. WINCH: Let us drop that now.

Mr. PRATT: I will strike out my last statement if you strike out your remarks.

The WITNESS: It has already been done.

Mr. WALKER: Peace, perfect peace!

Mr. PRATT: As I said before, on the basis of the eight exhibits, one can only give an approximate price by cube, they are not plans in the ordinary sense of the word.

The CHAIRMAN: I have said five times already these are statements and not questions.

By Mr. Pratt:

Q. Will you not agree with these statements?—A. I can make a cube and I can make an estimate on these plans because I know how to do it.

Q. Can you make an approximate estimate, without any details, working on these eight plans?—A. You said they are details.

Q. There is one detail of a window. Leaving out that one detail, could you? —A. You did not notice on the powerhouse plan the whole elevation of the powerhouse is shown to the final scale of the contract drawing. You did not see that.

Q. There are no details on which an architect could base a price. I want you on the record. There are many interested architects across the country who are interested in this procedure today. I would be happy to have you on the record. Do I understand you correctly as saying that from these eight preliminary drawings a contractor can make a fixed price for the erection of the printing bureau in Hull?—A. No. An architect who knows his business can figure the cube of the building and give a unit price for an estimate at that stage of the process.

Q. I asked the witness Mr. Cormier, if a contractor would be willing to give a fixed firm price on these plans that have been given, not what an architect could do by cubing.—A. Not at that stage of the preliminaries. You are mixing it up with the calling of tenders. That is not meant for calling tenders at all.

Q. Mr. Cormier, as I said, these are not detailed enough as far as an estimate on a contract is concerned. It is impossible for any member of this committee to estimate the cost or the excess of the cost of this contract.—A. For calling bids they are not proper plans.

Q. I will leave that, Mr. Chairman, with your permission I am sure.

Yesterday or the day before it was suggested by the witness, Mr. Cormier, that to avoid the excess expenditure on the part of the government of going down to bed-rock that Mr. Cormier was only going part way down in the hope of finding solid ground without going down to bed-rock, but solid ground upon which you could build this extremely heavy, gigantic and immense building.—A. You did not understand my testimony, that is all.

Mr. McGREGOR: Nobody else did either.

The WITNESS: I never had the intention of making—

By Mr. Pratt:

Q. That was in your testimony yesterday.—A. My testimony was that the general excavation should be at the level of 143-146. That is not the level of the foundation. I never said that. The foundation had to be taken down to solid rock. You did not understand anything of that.

Q. I understood very well, Mr. Cormier.—A. You understood nothing.

Q. I understood so well that I pointed out the fact that you could—

An Hon. MEMBER: Is this a question?

The CHAIRMAN: Is this a question, Mr. Pratt?

By Mr. Pratt:

Q. Exhibit P-7 is a grid plan or a plot plan which shows the site and shows the contours of the site from approximately 145 feet at one corner of the building to approximately 160 feet at the other corner of building.—A. It is a grid plan.

Q. It is a grid plan. Right through the middle of your grid plan, and right through the building, is a dotted line which shows the record high water level as 148.6 feet?—A. Yes.

Q. Approximately 150 feet?—A. Yes.

Q. Approximately 150 feet?—A. Yes.

Q. You had that high water level, knowing that the surface of the land was subject to flooding at high water there from an adjacent stream?—A. What? Call that Brewery creek, so as not to confuse other things that have been put in.

Q. You disagree with that?—A. Call it Brewery creek.

Q. Never mind the name of the creek.—A. Yes, it is very important to the true evidence.

Q. The true evidence is that it is said to be Brewery creek on this map?—A. Yes, and it is printed by me there.

Q. You admit that there is a dotted line showing this high water level?—
A. The high water level in the creek, yes.

Q. You admit that this dotted line goes right through the building?—
A. Well, that is not the level of the creek. Read the date, read the whole line.

Q. I will read it. The date is May, 1928.—A. It was a flood at that time.

Q. That is the date, and that is the high water level.—A. Yes.

Q. As an architect, Mr. Cormier, you must admit that if water comes up to six inches from that you do not change the mark on the plan?—A. The building is different from the high level. The building is different from that.

Q. What is the level of the building?—A. You are talking about the basement floor there.

Q. I certainly am, Mr. Cormier.—A. Well, the basement floor is enclosed by two-feet-six-inch concrete walls. Then I can go below that and—

Mr. WINCH: You ordered it raised 18 inches.

Mr. WALKER: You are coming to that, are you?

Mr. PRATT: Yes.

By Mr. Pratt:

Q. I would like to ask the witness if, having demonstrated these facts with which he has agreed—A. I have agreed under protest all the time.

Q. —as an architect, he would really expect to find solid ground many feet below a surface which was itself subject to flooding?—A. Not while the exterior walls were built. That was all open ground, yes.

Q. That is the answer.

The CHAIRMAN: It seems to me, Mr. Pratt, that we have had all this evidence some days ago.

The WITNESS: Yes, that was the foundation. Do not name it wrong. You have the excavation plan of the general excavation, but there was to be piers down to the rock. You did not understand those drawings.

By Mr. Pratt:

Q. There were to be piers put down to what?—A. Through to the rock.

Q. At the beginning?—A. Yes, always.

Q. Why, Mr. Cormier, did you not ask for the excavation to go down to rock in the first place?—A. Not at first.

Q. Why?—A. Because I would not have had to excavate the whole thing if it had been dry soil. It was decided, fortunately, that there was a muddy appearance to the soil at one moment which forced us to change our decision. I could show you how much it benefited to the cost of the building because these piers were made in the open without any hindrance, after all. It is a very lucky occurrence that we found the mud there.

Q. You did not expect mud, in other words?—A. No.

Q. You were flabbergasted when you saw your trucks floating in mud?—
A. No, there was no mud there at the start, and from the soundings that were made there was the presence of clay and sand. I made an estimate to include a high enough price to cover every eventuality so that if there was any infiltration, if there was any muddy condition there later, then we could go down to rock.

Q. My original question, Mr. Cormier, was, would you not, as a reputable architect, expect to find mud a few feet below a surface which itself was subject to flooding conditions?—A. No, no.

Q. You would not?—A. I did not say I expected to find mud. I never said that. That is a thing which occurred later on.

Q. The answer is, you did not expect to find mud?

The CHAIRMAN: Let the witness speak for himself.

The WITNESS: There was no mud shown in the soundings at all.

By Mr. Pratt:

Q. Mr. Cormier, did you expect to find—A. You do not understand.

Q. Mr. Cormier, you expected to find a solid base upon which to put this gigantic building?—A. That was rock. This has always been rock. If you understand them,—I think it is shown in the preliminary sections, if you understand the drawings.

Q. We are not speaking of the excavation to rock; we are speaking of your original excavation.—A. That was to leave space to make the basement, but the piers had to go down to the rock.

Q. Only the piers?—A. Only the piers.

Q. The piers consisted of the excess excavation?—A. Yes.

Q. Why, Mr. Cormier, as an architect, did you not include this excess excavation for piers in your original contract?—A. I did not know that was going to happen. This is an entirely different operation—excavating for a pier that is six by six. You cannot use shovels for that. It is an entirely different thing and it is different equipment which you have to use for that. The moment it is excavated you must fill it with concrete.

Q. That does not alter the fact, Mr. Cormier, that it could have been included in the original contract for excavation.—A. It could not.

Q. It could not?—A. No.

Q. Why?—A. I have just explained that entirely different equipment must be used, and that when these piers are excavated you must fill them immediately with concrete. That is a foundation contract, it is not an excavation contract.

Q. We are not talking of the difference in time at which this work was done?—A. No.

Q. Nor are we talking of the difference in the instruments which were used to do the work, Mr. Cormier?—A. In your marvellous practice this is what you would have done?

Q. We are talking of—A. You could not leave these excavations for piers open to the rain and put nothing in them.

Q. Mr. Cormier, you will make it much easier for the reporter if you let me finish my questions.

I am asking you, Mr. Cormier, to answer, simply, why this work was not included in the one excavation contract. I take it your answer is that different instruments were necessary on different parts of the work and that different parts of the work must be done at different times. I know of no architect who would believe that this would make it necessary to hire two different contractors, or one contractor on two different contracts to do this work. Can you explain that, Mr. Cormier?—A. No, I will not explain it. I will make a general statement of what was contemplated all along.

First, to make the general excavation for the basement floor. That is the general excavation. Then we had to give the contract for the foundation piers—excavating and filling immediately with concrete. There could be no interruption, otherwise it would crumble down.

Q. Why two different contracts, Mr. Cormier?—A. Because of the different equipment needed and the different specialists.

You see, the Concrete Construction of Canada did not have the equipment, and Miron & Freres had.

Q. Mr. Cormier, you have stated that different equipment and different specialists were needed, yet the record shows that the same contractor, Miron & Freres, did both types.—A. Not at all, not at all.

Q. What are we talking about?—A. Miron & Freres did the general excavation and Concrete Construction of Canada made the piers.

Q. We are talking about the excavation, not the piers. We are talking about the original excavation which did not go down to rock, Mr. Cormier.—A. You do not understand anything of that.

Q. I understand very well.—A. I am sorry to see that you are an architect.

Q. May I ask you another question then, Mr. Cormier? In view of the responsibilities of architects, and in view of the well known article 1688 in the Quebec civil code which holds architects responsible for the safety of buildings, can you honestly say that a responsible architect, in the interest of both himself and his client, would not have gone down to bed-rock in the first place on such a site, which was subject to serious flooding?—A. That was always intended from the start. I just said that five minutes ago. You do not understand anything.

Q. Mr. Cormier would you have not protected the client's interest as well as the architect's interest and also have prevented a situation where the contractor could jack up his prices on a residual contract, a situation which is very well known to architects.—A. Not at all; no.

The CHAIRMAN: Mr. Walker.

Mr. WALKER: My friend, Mr. Winch, has some questions.

Mr. PRATT: Before Mr. Winch asks his questions, I would like to say, on the basis of the documents filed as exhibits, I see no further use in carrying on this investigation, and, to use Mr. Winch's own words, it would be nothing more than a farce.

Mr. WINCH: As far as I am concerned this committee may have reached that point, but I think we can do a good job. Would you permit me to ask a number of questions, all of which will be straight questions.

The CHAIRMAN: Yes.

By Mr. Winch:

Q. I am going back on the evidence of Mr. Cormier, but in order to introduce the questions which I have in mind I shall ask Mr. Cormier first: you are a graduate architect?—A. Yes.

Q. You have also said in the evidence that you are a graduate engineer?—A. Yes.

Q. Would you mind telling us what engineering you graduated in?—A. In 1906 at the polytechnic school in Montreal.

Q. In what fields?—A. All phases of engineering; civil engineering.

Q. Are you a graduate of electrical engineering?—A. That did not exist at the time.

Q. You are not a graduate in electrical engineering?—A. There was not that specialty at that time. It was conducted on the French principle that of the polytechnic in France, where you study the whole science of engineering, and then later on in life you can specialize in anything you want. We were not copying the Americans at the time. Even now the Americans are changing their system since the Russians have startled the world with their achievements.

Q. Are you an electrical engineer?—A. Yes; certainly. I am not registered as such.

Q. You are not registered as an electrical engineer?—A. No.

Q. Do you practice as an electrical engineer?—A. Yes.

Q. Are you an air conditioning engineer?—A. Yes.

Q. Do you practice as such?—A. Yes.

Q. You are a civil engineer?—A. Yes. I am not now concerned with bridges, roads, aqueducts, filtration plants; no; only engineering that concern buildings.

Q. Are you a mechanical engineer?—A. Yes; in what concerns a building.

Q. Are you a structural engineer?—A. Yes.

Q. An architect?—A. Yes.

Q. You are a graduate in all fields of architecture, mechanical engineering, civil engineering and electrical engineering?—A. I am not separating that, with blinkers, to see only one branch. I can see the whole field.

Q. Are you a graduate in all those fields?

The CHAIRMAN: Diploma.

The WITNESS: Diploma; yes.

By Mr. Winch:

Q. In all those fields?—A. Yes.

Q. Then on the— —A. I am a senior member of the Engineering Institute of Canada and I now do not have any fees to pay.

Q. Are you a member of the Electrical Engineering Institute?—A. I have no blinkers at all to see only one branch. I see all the branches.

Q. I am only trying to establish one basis.

Mr. BELL (Carleton): Do not persecute the witness.

Mr. WINCH: I have only asked some questions which I think are important, before I go on, and Mr. Cormier has answered my questions. I never at any time made any statement about a qualification.

Mr. SPENCER: I agree that you are not persecuting.

By Mr. Winch:

Q. This printing bureau is a pretty large job; right?—A. Right.

Q. In the drafting of the plans did you call in a consulting electrical engineer?—A. No.

Q. It was done by you or by your staff?—A. Myself; not my staff.

Q. Did you call in a consulting engineer on the air conditioning or was it done by yourself or your staff?—A. No. Will you put your question differently. I did not call anyone in to farm out my work to another office. No; never. But that does not say that I did not have advice.

Q. I said did you call in, did you seek, advice?—A. Certainly.

Q. Did you call in any consulting advice on the electrical aspect of the plans?—A. Yes.

Q. You called in consulting advice?—A. Yes.

Q. Would you mind telling us whom you called in from the electrical standpoint?—A. I do not know how many meetings I had, or discussions with people, asking what do you think about this; but I did not give my contract to anyone.

Q. Did you seek advice and pay for advice on the electrical plans of the printing bureau?—A. No.

Q. It is all your own responsibility on the architect's plan?—A. Yes.

Q. Did you seek advice or pay for advice on the air conditioning?—A. Well, putting it generally, on what is mechanical I did it myself, you see; instead of taking it piecemeal I did all the engineering on that project; that covers everything. I do not lose time that way.

Q. You, as the architect on this job, called in no one as an outside expert whatsoever?—A. No. I just said a minute ago I didn't farm out any piece of that work. I just kept it all to myself, but that does not say I did not interview other people who were specialists. I did.

Q. Did they do that free of charge?—A. Yes; exchange of good will. They would come to me for concrete or for something else.

Q. You accept responsibility for drafting the plans for all areas?—A. Certainly.

Q. Mr. Cormier, according to what you told us the other day, that is on page 299 of the evidence, May 22 was the first time you knew you were going to have the job of the drafting of preliminary drawings?—A. Yes.

Q. And you, according to the evidence inside of two or three months submitted three plans of preliminaries including location of machinery?—A. Yes. Well, you have got the evidence, it is here recorded. Mr. Pratt did not understand that but perhaps you would understand that.

Mr. PRATT: I object to that statement, Mr. Chairman.

Mr. WINCH: I have two questions there.

Mr. PRATT: Do you want to take that off the record?

The WITNESS: Well, if it pleases you, all right.

Mr. PRATT: It does.

By Mr. Walker:

Q. Mr. Cormier, you objected yesterday to anything untoward said about you. Try and be courteous yourself.—A. All right.

Mr. WINCH: Mr. Chairman, I am trying to be very courteous; I am asking questions.

The CHAIRMAN: You had better hurry up, you have thirty seconds.

Mr. WINCH: I am sorry, I cannot do it in that time.

The WITNESS: Put your most crucial question right away.

Mr. WINCH: No, my most crucial question will be in about fifteen minutes.

Mr. BELL (Carleton): I think we all made an agreement that we would go on with other matters at 2.30. I think we want to live up to that scrupulously.

The CHAIRMAN: You will continue your questions at the next meeting when the printing bureau is under discussion.

Mr. BELL (Carleton): Is it 7 or 7.30? It appears in two ways.

The CHAIRMAN: The resolution stated seven o'clock. Now, if you want to change it to 7.30, please let me know.

Mr. BELL (Carleton): Well, take a census of the meeting.

The CHAIRMAN: Seven or 7.30, gentlemen? Is seven o'clock agreeable?

Agreed.

—Recess.

EVENING SESSION

Public Accounts

WEDNESDAY, August 27, 1958.

The CHAIRMAN: Gentlemen, will you come to order, please? Mr. Cormier would like to make a short statement and I think we should grant him that privilege.

Ernest Cormier, (Architect and Engineer), called:

The WITNESS: From questions put to me by the honourable member, Mr. Pratt, I sense the possibility of a fundamental misunderstanding. If that can be cleared up, I feel that the work of the committee will be shortened and simplified.

It was always the intention of every person concerned with this project that the foundations of the bureau would consist of approximately 500 foundation piers standing on bed-rock, each being 6 feet by 6 feet and consisting of concrete.

The project called for general excavation for the building including basement and basement slab down to elevations 143 and 146. That general excavation, of course, would be done by machinery.

We always knew that there might be two possible courses to follow in the excavation required for the piers—first, excavate only the actual sites of each pier. This could only be done if the material was dry and it would be done by hand, rather than by machine.

Second, excavate, if no water was present, all material to the bedrock.

The borings done in the winter of 1949 were from surface to bedrock and did not indicate the presence of water in the material below elevations 143 and 146.

Consequently, we proceeded on the supposition that the excavation required below elevations 143 and 146 would consist only of the 6 foot pier sites. This excavation would properly be done by the contractor who would construct those piers since the concrete must be placed on the pier sites immediately after excavation.

However, I did not, in making my estimate of the cost of excavation, exclude the possibility that the whole area would have to be excavated if there was water. Consequently, my estimate was \$282,500 made up as follows: 70 cents per cubic yard for the material down to elevations 143 and 146, and a further cost for excavating the balance in case water was found at elevations 143 and 146.

When this general excavation was in process, it was ascertained that water would be found at elevations 143 and 146, and when that excavation was completed, it was quite apparent that it would be out of the question to excavate each pier site. Consequently, the alternative was to excavate all the material to bedrock. Obviously, this work was entirely different from that which Miron Freres had contracted to do, and new prices had to be negotiated. The source of the water was certainly not an underground stream—there is no such thing there. The only water running under the building at the present time consists of the drainage of the water treatment equipment, and that happens once in every fifteen days. Instead of piping it to a sump, it was more economical to provide a gully or trench on the surface of the rock below the basement floor. That is the so-called "trout stream". This trench is perfectly dry except for one day in every fifteen. That is all.

Mr. PRATT: On a question of privilege, if I may, and so as in any case to attempt to clear up a mistaken impression which I think Mr. Cormier had this afternoon of the real intent of my questions, when I criticized the preliminary drawings this afternoon, I was not criticizing these as architect's documents. I was criticizing them because they were too preliminary and too incomplete to be filed as exhibits.

When I described a large detailed drawing of windows as padding, I meant padding of the exhibit by a drawing that was of no particular use to this committee in itself. It might be excellent in itself, but no particular use in this context. This was the most inconsistent document filed with the other exhibits at this time and for this purpose.

The CHAIRMAN: I am sorry to interrupt, but you forgot that the committee requested that those documents be filed.

Mr. PRATT: I am criticizing the documents filed by Mr. Cormier.

The CHAIRMAN: You are giving an opinion, and I wonder if this is the time for that.

Mr. PRATT: I can finish in two more sentences.

The CHAIRMAN: Ask your question of the witness.

Mr. PRATT: These are not questions.

The CHAIRMAN: Must we have more statements? Surely we want facts. Here is a French-Canadian speaking in a tongue not his own, and he is doing very well.

Mr. PRATT: I am trying to clear the air. I am not now attacking Mr. Cormier, I am trying to point out—

The CHAIRMAN: You are attacking a document, and I do not think you are the right person to attack it.

Mr. PRATT: I was trying to describe to Mr. Cormier the intent of my questions. I was not attacking Mr. Cormier's aesthetic or engineering qualifications.

Incidentally, for the record, I am a fully qualified member of the Royal Canadian Institute of Architects and therefore a fully qualified architect.

Thank you, Mr. Chairman.

By Mr. Winch:

Q. Mr. Chairman, at 2.30 this afternoon when we rose in this committee I was discussing this phase of the investigation of the printing bureau, and I think I am correct in saying I had just finished asking Mr. Cormier if he had brought into consultation any outside engineers on certain aspects. I think I am correct in saying, Mr. Chairman, the answer was no.—A. No, no. I did not farm my work to anybody else.

Q. I did not say "farm".—A. But I had consultants who came, when I needed advice.

Q. I thought that I had asked, Mr. Chairman, did you employ any consulting engineers, and your answer was no?—A. No, not "employed", I had interviews with them.

Q. You did not employ anybody?—A. No, except my own staff.

Q. I mean outside your own staff?—A. No.

Q. I am correct, therefore, in saying that the entire plans are your own or your staff's?—A. My responsibility.

Q. That being the situation may I now ask, Mr. Cormier, the information you gave this committee on the first day you were here was to the effect that you had nothing whatsoever to do with any planning of the printing bureau until you were advised on May 26 and accepted on May 28?—A. That is my recollection.

Q. And within two months, three months and four months you supplied the Department of Public Works with all the preliminary drawings plus the location of machinery, is that correct?—A. Yes, that is correct.

Q. And was that based on the instructions you received through the medium of two volumes that were supplied you by Mr. Powers who had been employed by the government as a printing expert?—A. That is right.

Q. Were your plans, may I ask, drawn in accordance with the instructions or information in the volumes given to you prepared by Mr. Powers?—A. Yes.

Q. They were?—A. The original only. All the revisions you see there were made after interviews with Mr. Powers. He asked for some changes and I made them, but all previous to their acceptance.

Q. I am coming to that, Mr. Cormier, in a few moments. Now, when you submitted the preliminary drawings on excavations, piers and basement floor had you received all the information required from the Department of Public Works or acquired on your own in order to prepare those plans?—A. I did not get the question. Could you clear up a little bit? I did not understand it properly.

Q. I will put it this way then: when you submitted to the Department of Public Works preliminary drawings up to and including the basement floor.—A. There was no basement floor in the preliminary drawings.

Q. There was not at all?—A. That came later on.

Q. That was only the excavation and the piers?—A. No, the preliminary drawings, you have had them here and they do not show a basement. There is a pipe space under the main floor, and in Mr. Powers' opinion we ought to have that main floor as the first active floor. But under that was pipe space.

Q. All right, I will finally get where you can understand me. In your preparation of plans, did you prepare the plans for the piers?—A. Yes, oh yes.

Q. You did?—A. Yes, those were the plans that were used for the calling of bids.

Q. And the tenders were called from the plans for piers?—A. Yes.

Q. Up to the elevation as you outlined in your plan?—A. Yes.

Q. After the contract was let, was a change made in the height of piers?

—A. After the contract was let? No. Not in the height of piers, but of the floor—

Q. Was a change made in the level of the basement floor?—A. Not then; later on.

Q. But was it made?—A. Oh yes, it was made, raised by 1.4 or 1.6, I think.

Q. I asked you was a change made which was then an addition to the contract because of water level?—A. It was not on account of that. It was before the walls were closed in, to be sure nothing would happen. I anticipated the next contract and raised the floor 1 foot 6.

Q. I am not trying to confuse you?—A. After the building was closed that would have been no use at all.

Q. Then, after that work had been undertaken and the plans had been drawn, it had to be raised, is that correct?—A. Did not have to be raised; it could have remained the same.

Q. It was raised, though?—A. Yes.

Q. Why?—A. Because it was only in anticipation, since whatever I spent in this would not be spent on the next contract. I just increased the scope of that.

Q. That is exactly what I am trying to find out. But in the course of construction, was it not anticipated what the high water level of Brewery Creek was, so that it could have been included in the original?—A. It could have remained in the same place. When you have a 2 foot wall surrounding a building, even though there is water outside the water table inside is lower. I think Mr. Pratt can explain that.

The CHAIRMAN: He said he raised the floor 18 inches.

The WITNESS: It could have remained in the same place.

By Mr. Winch:

Q. May I ask if your firm or you prepared a plan about the high water level mark in 1948?—A. Oh yes, I made it myself.

Q. You did?—A. Yes.

Q. And why was it after construction had started that you found it necessary to raise by 18 inches?—A. Well, it was an extra protection during the construction of the exterior walls. Until the building was closed I feared a flood.

Q. So you made a change then in the floor?—A. And it did not increase the cost of the building by one cent.

Q. It did not?—A. No. It only affected the range of the first contract. The first contract was extended a little bit further. That was to be deducted from the next one. That was so much work the next one would not have to do.

Q. We will come to that.—A. If you want to put other questions to make that clear if people do not understand it—

Q. I am very anxious to clear away these things, but I find it rather strange to understand why it had to be raised?—A. It did not have to be raised. It is only before the whole building was closed in there might be a flood, but at that season when it was made there was no flood at all. I said: "In case there is a flood I had better raise that floor 1 foot 6 inches, and even if the walls are not made I will be safe", but that was only a temporary precaution.

Q. Because you proceeded in the initial stages on a report that the government supplied you from Mr. Powers, during the course of construction, did you submit your plans and specifications to Mr. Powers?—A. Well, that is the ordinary step, but the preliminary drawings were accepted. You have got a copy of that set.

Q. Did you submit your plans and specifications to Mr. Powers?—A. He was not concerned with that function at all.

Q. No, I say in the course of construction of the building, did you submit any plans and specifications?—A. The plans and specifications—Mr. Powers had returned to Chicago and never came back. He was not present to the end of the work.

Q. Do you know if your staff submitted plans and specifications to Mr. Powers?—A. No, they did not. They could not. His employment had ceased.

Q. Have you ever?—A. His employment had ceased.

Q. Have you ever heard of your plans in any respect being submitted to Mr. Powers, and Mr. Powers giving any comment on them?—A. Oh yes, there are two answers to that.

Q. Therefore, you know that your plans were submitted to Mr. Powers and that some reference to your plans and specifications was sent to Mr. Powers in Chicago?—A. Not in Chicago. I do not know about that at all.

Q. Was he not from Chicago?—A. Yes, but he was living in Ottawa at that time.

Q. Oh, I did not know that. During this time did you receive directly, or through the Department of Public Works any criticism of your work by Mr. Powers, on your plans?—A. Yes.

Q. Do you have a copy of it there?—A. I have my answer to it. I think the department can give you a copy of this. They have one.

Q. Under the authority of the committee about ten days ago I was authorized by the committee to go to the Department of Public Works and to go into the plans and specifications.—A. This is the one set that has been criticized, but only after Mr. Murphy had decided on the set-back, and he said to cut the volume off, and I can prove it in the text of the document, if you want me to read it.

Q. I wonder if General Young has here tonight what I saw under the authority of the committee?

The CHAIRMAN: What is this?

Major General H. A. YOUNG (*Deputy Minister, Department of Public Works*): This is what Mr. Winch just mentioned, that he found in our department.

The WITNESS: His the criticism probably without any explanation from me.

Mr. WINCH: I shall be very very fair. I will say that this is from Mr. Powers, from whom you were given the original instructions. I want to ask you about this document.

Mr. BELL (*Carleton*): Let us identify all the documents we are talking about now.

The CHAIRMAN: Well, this document is dated August 9, 1949, and it has written at the top, "Powers' report, changes that should be made in the plans of the new building". It is signed August 9, 1949, "M. E. Powers".

Mr. BELL (Carleton): Might it be produced and filed as an exhibit.

The CHAIRMAN: Do you object to this being produced?

Mr. YOUNG: No.

Mr. WINCH: I would never ask a question without your having an opportunity to answer it.

The CHAIRMAN: The document will be marked exhibit P-16.

Mr. F. P. VARCOE, Q.C. (*Counsel for Mr. Cormier*): There is an answer to that in the department.

The WITNESS: Yes. One paragraph of that I cited there, and I gave the answer. I said that Powers did not figure the proper areas, that he was mistaken all the way through.

By Mr. Winch:

Q. I shall ask the questions. You may take your time in answering them.—A. I want this second document to be filed.

Q. That is fine. This is a fact finding committee and this is exactly what we want.—A. Fine.

Q. I think I have made it clear that originally Mr. Cormier was given instructions based on the employment of Mr. Powers as a printing bureau expert.

After Mr. Cormier had done certain work, I presume it was the Department of Public Works which submitted this to Mr. Powers and not yourself. Mr. Powers, upon whose preliminary research the printing bureau was started, submitted certain criticisms. One, the appearance of the building is a disappointment; modern design.—A. Do you want me to answer that right away?

Q. No. I shall read them all at one time.—A. Very well.

Q. Modern design, using continuous windows would be an improvement; shipping and servicing area should be redesigned; freight elevators and the rear stairways should be changed; freight elevator marked F-5 should have high capacity; two stairways in the building lobby should be eliminated; a reception room in the lobby should be provided; entrance to the main locker room invites confusion; provision for watching time clocks is inadequate; purchasing department will require a record room; are there too many lockers in the main locker room? passenger elevators are all too small; airwell prevents efficient office arrangement; executives offices should follow original plan; office of distribution branch has disappeared; reduced area cripples the composing room; reduced area forces inefficient arrangement of linotypes; building columns in linotype area should be removed; two large proof presses have disappeared; two toilets block a main aisle; another toilet blocks the paper room door; there is no provision shown for an ink room; there is no space allotted for future presses; no provision for a roller room; the set back reduces the area of the off set department.

And there is also one other document.

A. It is my answers to that.

Q. The answers that you are going to give; but the other has to do with the location of the transformer vault and the boiler room.

However, my point is that in view of the fact that your instructions, because of the order in council, were based on about a \$48,000 report from Mr. Powers, and you told us that you followed through on that, and something you did had been referred to him and this was his criticism—was any action taken on the criticism?

Was Mr. Powers wrong, and were any changes made in any way whatsoever in view of the expert's advice?

The CHAIRMAN: You have the answers.

The WITNESS: I was not engaged by the government to be just a draftsman. I was engaged as an architect and engineer. This will prove it; it is a little bit lengthy, but I will read my answers, because if that is going to be in the record, then my answers should be in the record too.

The CHAIRMAN: What is it?

The WITNESS: It is a report on the preliminary plans. It answers all these questions and it proves that the assertions there were wrong.

The CHAIRMAN: Is there a date on it?

The WITNESS: Yes, it is dated May 5. The Department of Public Works date on this document is August 25, 1949.

The CHAIRMAN: Would you care to have this tabled?

Mr. WALKER: Will that be exhibit 16?

The CHAIRMAN: It will be exhibit P-17. Will you read the title of it so that we may identify it clearly?

The WITNESS: "Report by Ernest Cormier, architect and engineer, on changes proposed by Mr. Mark Powers, printing consultant engineer, on August 7, 1949 to preliminary plans officially accepted in April 1949, and adopted by the Department of Public Works, May 5, 1949." That is the title of the document.

The CHAIRMAN: You want to refer to various answers?

The WITNESS: Yes, if this is going to be published, I want my answers to be published as well.

By Mr. Winch:

Q. I have not given any indication that I did not. I asked the question, because this is an official document from the Department of Public Works and from Mr. Powers, the consulting engineer. I thought it was only right to indicate that this proves your answers.—A. Remarks number eight: on the first stage, Mr. Powers said that the entrance to the main locker room invited confusion.

My answer is that the route of the employees has been misunderstood. It should be realized that the flow of traffic is in one single direction at a given period.

After leaving the time clock alleys, the male plant employees enter the locker room at one end and travel through a sixteen foot hall and leave it at the opposite end to reach the elevators numbers one and two, and that is not a stairway. He did not understand the plan.

As to remark number eleven: are there too many lockers in the main locker room, 846 lockers have been shown with a possible increase to 1,000 as against 700 called for.

It has been thought advisable to have a certain margin for an increase in the number of employees. The margin has been provided for ten locker rooms to the building.

The CHAIRMAN: I am wondering, Mr. Winch, if we could not shorten this considerably and instead of reading every answer to every question, could Mr. Cormier say whether he considered these questions and whether he replied to them, and if he made any changes or if he did not.

The WITNESS: But I want all the details in regard to the reading that has been read. If this is put in the evidence, this also must be at the same time, not only the accusations with no answers—and that document clears the accusations.

Mr. STEWART: It could be filed as an appendix.

The WITNESS: It is not enough; it has to be read.

Mr. WINCH: Mr. Cormier, I did not read it.

The WITNESS: If you want to discuss in detail, all right.

By Mr. Winch:

Q. I want to know whether the seventeen criticisms given by Mr. Powers were considered by you and whether they were accepted in part or whole, or rejected in total?—A. They were rejected in total, and most of them are because he made mistakes in his assertions.

The CHAIRMAN: And the answers are given in exhibit P-17.

The WITNESS: Yes, but if my answers are not read, I want the detail taken out of the criticism; they must be treated in the same manner. That is my position.

By Mr. Winch:

Q. Am I not being fair in the way I raise questions? I only raised the matter of the headings.—A. Headings only.

Mr. WALKER: Why do you not leave him alone and let him read it; go ahead.

Mr. WINCH: I suggest these be included in whole as an appendix and the replies to Mr. Cormier be included.

The CHAIRMAN: How would it be to put them both in as an appendix?

The WITNESS: You even have drawings in there; Mr. Powers' drawing showing a certain area, and my drawing showing better areas.

The CHAIRMAN: What is your suggestion?

The WITNESS: If they would state the existence of criticisms by Mr. Powers and state the date of the letter, and then answers to it and the date of this and file both as exhibits—the text should be read.

Mr. VARCOE: Or I would suggest it be taken out of the record and the report filed.

The CHAIRMAN: I will suggest one of two things, either read your answers, which will take a long time, or file both these documents as an exhibit.

Mr. STEWART: Fine.

Mr. WINCH: And it will be better evidence for our committee when we adjourn—the criticisms and the answers.

The CHAIRMAN: Are there drawings in there?

The WITNESS: Yes, drawings by me. All the drawings must be there to prove to Mr. Powers that he is wrong.

The CHAIRMAN: There is no doubt about it if we file these two documents, the printing of the evidence will be considerably delayed, but if you wish them printed, there is no reason why they should not be.

Mr. WALKER: Mr. Chairman, if he would read the relevant parts he wishes to read into the evidence, are you suggesting that he put in the plans as well?

The CHAIRMAN: Yes, he is insisting.

The WITNESS: When you deliberate later on it will be very easy to understand what I am saying; but only by my assertions, perhaps not.

Mr. WALKER: In view of the fact that Mr. Winch has put in a detailed questionnaire, I hold no brief for the witness, but he is entitled to put in the same kind of reply, and we have no alternative but to permit it.

The CHAIRMAN: Go ahead, Mr. Cormier.

The WITNESS: All right, I have read the first two criticisms. The third one, remark No. 9—the first was the main lockers—always lockers. Remark No. 9 “provision for watching time clocks is inadequate”. The reply is “a corridor 15 feet wide by 24 feet long has been provided where the watchman can stand. Whether a glass cage should be built or not is immaterial and quite debatable.” If a watchman cannot see a clock at a 15-foot distance he should buy glasses.

Remark No. 15: “office of distribution branch has disappeared”. My reply was “it has not disappeared; space has been left for it, but its size could not be defined as the number of office workers is still undecided.” Space is provided, only I did not write on the plan the title. As a proof of this, I give my drawing of the lockers and Mr. Powers’ drawing of the lockers. He did not contest that at all.

Remark No. 20: “two toilets block a main aisle (between press room and pamphlet bindery)”. My reply was “nothing prevents the placing of such aisle next to these toilets if the main thoroughfare of that floor is insufficient. It is elementary in design to superimpose toilets on the various floors; they cannot be scattered all over the place and they have been placed next to an exhaust ventilation shaft”.

Remark No. 22: “there is no provision shown for an ink room”.

Mr. VARCOE: Is there any reply to that?

The WITNESS: They are grouped together.

Remark No. 24: “no provision for a roller room”. My reply was “under the title ‘stores’ three bays or 75 feet by 26 feet or 1,872 square feet has been reserved for that purpose. If Mr. Powers will supply the relative size of each room, they will be detailed on the plans.” You see, I do not know the relative size of each, but I provided the space. It was up to him to tell me where to cut between the two.

Mr. WINCH: Was that Mr. Powers who was to tell you what to do?

The WITNESS: No, never.

Mr. WINCH: You said it was.

The WITNESS: He saw by this there was no importance in his remarks; there was a space for it.

By Mr. Winch:

Q. Could I make a point clear now which I have not been able to clear up yet? In the first instance the Department of Public Works hired Mr. Powers to do a preliminary survey and to write instructions for a printing bureau, which was done; and then you, Mr. Cormier, were employed by the government, first of all on preliminary drawings and then on the entire work.—A. Yes.

Q. From the time you were employed by the Department of Public Works, was there any collaboration between yourself as the architect of the job and the man who was employed in the first instance?—A. Yes.

Q. If so, on what occasions?—A. Yes.

Mr. VARCOE: Do not answer too fast, until you understand the question.

By Mr. Winch:

Q. Now, Mr. Cormier, was there any collaboration and consultation between yourself and Mr. Powers after you had the architectural instructions based upon his report as consulting engineer? Was there any consultation and collaboration between the two of you?

Mr. VARCOE: After you started your work?

The WITNESS: Oh yes, they are recorded on the preliminary drawings which I have shown. These revisions are all the result of my consultation with Mr. Powers.

By Mr. Winch:

Q. Did you meet him personally?—A. Oh yes.

Q. On more than one occasion?—A. On a number of occasions.

The CHAIRMAN: Shall we continue with the questions and answers?

The WITNESS: Yes. Remark No. 16: "reduced area cripples the composing room", and my reply was "the area is not reduced, but increased by 132 feet or 18,260 square feet against 17,028 square feet called for in Mr. Powers' layout with the same number of bays (35) and ten columns instead of seventeen. Locker rooms for proof-readers are not moved to first floor but are on the same floor at No. 8. The foreman occupies the same relative location as in Mr. Powers' layout."

Mr. VARCOE: Supposing I read that for you.

The CHAIRMAN: Would the members of the committee allow Mr. Varcoe to read from this document?

By Mr. Winch:

Q. I think the major point is,—do I understand that Mr. Cormier did reject all those suggestions of Mr. Powers?—A. You will see that from this document. It is very important that you know about it right away.

Mr. VARCOE: Just say yes or no.

By Mr. Winch:

Q. Is it also fair to say that you and Mr. Powers did not see eye to eye in regard to this building?—A. Especially architecturally, yes.

The CHAIRMAN: Shall we continue with the answers.

Mr. VARCOE:

Remark No. 17—reduced area forces inefficient arrangement of linotypes.

The reply:

As a consequence of the new spacing of columns, the aisle between linotypes has been increased from eight feet to eleven feet and the space back to back from two feet to four feet. If the columns situated in this space are still objectionable, the space can be increased at the expense of the extra wide (eleven foot) aisle, but the columns must remain for structural reasons.

I see no remark No. 18, Mr. Cormier. Where is remark No. 18?

The WITNESS: I do not think it is there. Have you a copy of that so that we could follow that number?

Mr. VARCOE: Have you got the document there? We are looking for remark No. 18.

Mr. WINCH: Remark No. 18 is:

Building columns in linotype area should be removed.

Mr. VARCOE: The reply is:

As Mr. Powers has placed in the publication department rows of two linotypes, it was thought the rows of three would be acceptable. However, if there must be ~~four~~ in a row for a more efficient arrangement, this is still possible.

Remark No. 19—Two large proof-presses have disappeared.

The reply is:

They are located in the same position as in the layout by Mr. Powers.

Remark No. 23—No space allowed for future presses.

The reply:

The area of the press-room has not been reduced. It is now 30,950 square feet when, on the layout by Mr. Powers, it was 30,900 square feet. What was possible in the layout by Mr. Powers with the obstruction of 20 structural columns is certainly feasible with the interference of only four columns.

Remark No. 21—A toilet blocks entrance of paper to the Job room.
And the reply is:

A six-foot door is provided for that purpose and if this is deemed insufficient, it is a small matter to provide another in the 84-foot length of the corridor partition. The toilets cannot be relocated for reason already given.

Remark No. 25—The set-back reduces the area of the Offset Department.

And the reply is:

This area on the layout by Mr. Powers was 21,824 square feet with the interference of 14 columns compared with the present design showing an area of 25,488 square feet and proportionately less columns (15). I do not understand this but I will read it.

General claim for elimination of set-backs and recesses.

The WITNESS: I can add something to that.

These were ordered by Mr. Murphy in an interview between Mr. Murphy, Mr. Cloutier and Mr. Powers. His criticisms were a disguised effort to regain what he had lost in the interview with Mr. Murphy.

Mr. VARCOE:

This goes against decisions taken following a meeting with the deputy minister of Public Works in view of limiting the expense involved.

At that meeting, Mr. Powers agreed that the areas provided were sufficient.

Following this, the volume of construction was fixed, estimates were submitted, and the expense budgeted by letters dated March 30 and April 4, 1949. The preliminary plans were subsequently accepted.

To remove the recess above the shipping and receiving garage would increase the volume of construction by 487,000 cubic feet.

To remove the set-backs of floor three would increase the volume by 374,000 cubic feet.

This increase does not seem justified judging by the following list of areas.

Where do you find that list?

The WITNESS: It is here with the plans. There are a number of plans explaining this. These are Powers' plans and mine, all the time.

Mr. VARCOE: The list takes the form of some plans.

Mr. WINCH: That is fine.

Mr. VARCOE: Where is the next part of this text? Are there any more?

The WITNESS: Oh, yes. Here is the rest.

Mr. VARCOE: Yes. There is a typewritten list here.

Mr. WINCH: Could we file it?

Mr. VARCOE: We will just file it, I think.

Remark No. 10—the purchasing department will require a record room.

The reply is:

This store room for record has not been lost: it is situated in the basement as suggested, but it has not been felt warranted to add an extra stairway next to the one already provided. The number of filing cabinets in the department corresponds to that of the layout by Mr. Powers.

Remark No. 13—the air well of the upper lobby prevents efficient office arrangement.

The reply is:

A main entrance reached by descending six steps from the outside level as shown in the first layout by Mr. Powers cannot be considered.

There is no reason why a government building of this importance should be deprived of a dignified administrative entrance similar to that of some private industries in existence.

The lobby does not split the office space into two parts as the eventual extension should be made towards the west. The east portion, isolated purposely from the other services, is reserved for confidential printing.

Remark No. 14—the executive offices should follow original plan.

The reply is:

The statement that the area provided in the preliminary plans is not large enough to meet present needs is not justified. This area is now 12,254 square feet as compared to the 7,700 square feet required by Mr. Powers.

It can be granted that the needs of the executive group were carefully studied in the original layout but it is obvious that the arrangement has not been made by an architect. It had to be re-arranged with an effort to maintain the essential ideas, and in the process proper attention has been given to the structure and the conference and the waiting rooms have gained natural lighting.

Remark No. 12—passenger elevators are too small.

The reply is:

The Size and Lift rate of passenger elevators have been carefully studied and a platform area of 44 square feet has been selected in conformity with the general practice in large office buildings. Enlarging on this, will only increase passenger transfer time, while not increasing capacity materially. Wide and shallow cabs are used with the exception of elevator P-1 which has to accommodate a stretcher for the first aid station.

It must be remembered that plant workmen will use at time of shift changes the elevators F-1 and F-2 which have platforms seven feet six inches by fourteen feet six inches.

Remark No. 5—the freight elevator F-5 should have high capacity.

The reply is:

This new request for a capacity of 24,000 pounds can be met but would mean very special equipment and a platform of heavy construction. This would be expensive. If in an effort to cut the cost, the speed is reduced, the employees will use the other elevators in preference.

The faculty of receiving machinery already assembled as a unit is the reason for the exceptional capacity recently demanded. 24,000 pounds may correspond to the weight of the units presently, but how can it be ascertained that this weight will not be increased in the future. Must also be taken into account the cost and danger of handling such heavy loads inside a building with floors figured for 400 pounds per square foot.

Mr. Powers estimates that the units may need replacement at eight years intervals. The architect and engineer would rather design the freight elevators for a capacity of 12,000 pounds, corresponding to the requirements of every-day use.

All opinions of the architect and engineer have been confirmed recently without reservation by Otis-Fensom Elevator Company.

Remark No. 4: The freight elevators and the rear stairways should be changed.

The opinion of the architect is very definite against this remark. He will not accept a reduction in the length of the service bays which are entirely occupied by the air-conditioning equipment and vertical ducts on floor No. 1 and printing services on floor 3. He will not accept to discharge trucks from elevators in an 8-foot corridor nor the hair pin turn of the trucks on a reduced radius. His arrangement offers no interference with the structural elements and the expansion joints of the building.

It is conceded by Mr. Powers that the architect's scheme offers some advantages though very wasteful of space, involving a triangle of 32 square feet per elevator. This assertion is wrong as the space occupied by a group of two elevators and accesses is 2,880 square feet against 3,110 square feet occupied in arrangement proposed by Mr. Powers.

Remark No. 7: A reception room in the lobby should be provided.

All over his plans, the architect has avoided small rooms, enclosed in, with no natural lighting. This small reception room will not serve the purpose as it can accommodate only one party at a time. The large lobby if properly furnished will be more adequate with the advantage of being under supervision of the R.C.M.P. at the desk.

Remark No. 6: The two stairways in the lobby should be eliminated.

This is not the opinion of the architect. They serve a purpose and will be of more use than the elevator, as the executive offices are only one flight up from the lobby. They are under the immediate control of the R.C.M.P. at the information desk. If eliminated, the officers and visitors would have to use the plant stairways, in the case of interruption of service of elevator P.4. Then the control of visitors would be impossible. Elevator service should always be supplemented by stairways.

Remarks Nos. 1 and 2: The appearance of the building is a disappointment.

These remarks are not considered seriously by the architect, although they may reflect the opinion of persons ignoring what constitutes good architecture.

It is certainly regrettable that the building is a disappointment to Mr. Powers but, when we examine what he considers good modern architecture, it is no surprise.

To conceal the various elements of a building in what may be called an architectural straight-jacket is not good modern architecture. It is in opposition to sound principles of architectural design.

The architect fails to see why an important power house with very specific requirements should not be made a feature of the design, but should be integrated in the box shape of the building going so far as concealing it more completely by using the same type of unsuitable horizontal bands of windows as in the three stories of the building. This is simply an architectural lie.

When Mies van der Rohe used the horizontal strips of continuous windows for the first time, he did not foresee that copyists all over the United States would use this feature indiscriminately and consider it as the essence of modern architecture.

Any architect practising in this climate knows the trouble caused by unprotected vertical joints in masonry ledges. In Mr. Powers' design there would be 6,000 lineal feet of such sills where frost can injure the joints. There would be the same length of unsupported lintels that should be hung from the concrete structure.

The architect also fails to see why continuous horizontal band of windows is a better expression of a printing plant than an all-over surface of glass panes.

He also does not identify modern architecture with layer-cake design.

Why should all corners of the buildings be rounded off? Will melting forms lessen the weak skyline? A rounded corner is understandable at the intersection of two streets, but not on a free-standing building in a park.

Using forms without discrimination is mere child's play. A layman may not go very deep in the analysis of what constitutes modern architecture. He may identify it by the mere use of a certain set of forms. The requirements of modern architecture should not be assimilated to passing fads and fashions.

The criticisms set forth show a very superficial knowledge of what constitutes modern architecture and it would have been wiser for a layman in architectural design to remain silent on this matter. Adventures in foreign fields are always dangerous and can cause a lot of nuisance.

In conclusion, the architect does not understand his duties as that of a mere draughtsman materializing a layout supplied to him, but rather, that he must use his experience, knowledge and discernment to produce the best design possible.

He is quite free of any bias and will not resort to wrong assertions to prove his point.

His background and previous achievements guarantee that, with the help of the expert advice of Mr. Powers in matters related to printing, he will produce a satisfactory building that will be a credit to the government.

By Mr. Winch:

Q. Mr. Chairman, I believe Mr. Cormier will agree, having raised the differences with Mr. Powers, that he has now had every opportunity to give his answers to Mr. Cormier. Now, if my assumption is correct, he himself as the architect and Mr. Powers as the consulting engineer just could not see eye to eye on the construction of this building. Is that a fair assumption?—A. Yes, Mr. Powers is not at all a structural engineer. He is not at all an architect. He is a printing consultant. That is his specialty.

Q. I have two more phases, Mr. Chairman. I should like to ask Mr. Cormier whether he accepts responsibility for the engineering of the air conditioning plant in the printing bureau?—A. Yes I do.

Q. Then, in view of the fact that Mr. Cormier accepts responsibility for the air conditioning engineering and installation, I think that all members of this committee would like to hear from Mr. Cormier on it, especially in view of the fact—and it is a fact—that at this session of the House of Commons on the recommendation of the Minister of Public Works we have passed the sum of \$700,000 to do work on the air conditioning plant at the printing bureau. I am not going to say any more. Perhaps Mr. Cormier now will tell us about the air conditioning plant, and why we had to pass this expenditure of \$700,000 on that phase.—A. I contest the figure of \$700,000 for the purpose of that.

Q. You do not contest the fact that that amount of money has been passed at this session of parliament?—A. No. It should not have been passed. That is what I contend.

Q. Then, you go ahead and explain what you can about the air conditioning of the printing bureau, especially, if you do not mind, sir, in view of the statement you have just made that the House of Commons should not have passed that \$700,000 at this session?—A. If you compare that amount of \$700,000—

Q. Sorry, I cannot hear it.—A. If people were not talking you could hear me. If you compare the amount of \$700,000 to the amount that has already been spent to build the air conditioning you will see that it is out of range entirely.

By the Chairman:

Q. Why is that?—A. Because what was included in the contracts that have been let, you are taking about one-fifth of that amount. You have got two different programs there. The present program is for reducing by about six degrees the temperature there. For a mere reduction of six degrees, do you think you must multiply by three what I have already installed?

By Mr. Winch:

Q. Suppose we start right from the very beginning. How did you plan that air conditioning engineering, what was its cost, and what was its purpose, and did it fulfil what you intended?—A. Fine.

Q. Start at the very beginning.—A. I will take that and divide it in various parts. First, the basis of the design was not my decision at all. It is included in Mr. Powers' instructions—80 degrees and 55 per cent relative humidity, and that happens to correspond—(do not be afraid of the 80 degrees there)—that corresponds to an effective temperature of 75. Engineers know what the effective temperature is. It is an experimental index to show the influence of the dry temperature, the relative humidity and the air movement on the sensation of the human body. That enables us to compare one system with another; but just taking 80 degrees does not say anything. You could be perfectly comfortable in 90 degrees if there was a strong breeze.

By Mr. Pratt:

Q. May I ask a question? What was the exact air movement?—A. Well it varies.

Q. What was the range of air movement?—A. The effective temperature of 75 is 15 feet per minute. It is not more than that. It is a movement that is difficult to realize.

Q. With a humidity of 55?—A. With a humidity of 55, you would have 75 degrees effective temperature. People are always afraid of the 80. That does not mean anything, the 80, if you do not cite the other points, relative humidity and air movement.

Now, the basis of that 80 degrees and 55 per cent was imposed on me and it was the obligation of the contractor to fulfil. It is shown here in the scope of work.

Now, Mr. Powers—at first, you see, I doubted his decision and had a lot of interviews with him, and he explained what was his end. He said: "We are building a printing bureau. The first thing to consider is the printing operation, not the phantasies of those who will be using it because the question of the proper temperature to use varies with individuals; but I am building a printing bureau, I am not building an office building or apartment." He decided on that temperature was selected for the conditioning of the paper.

Q. Even on the floors on which there was no paper?—A. Yes, this is all open areas and communicating, and if I reduce temperature somewhere, it will have an effect on the printing, and wherever you manipulate paper. In the

storerooms, for instance, it is very important to abide by that figure because in specifications for buying paper it is always specified as near as possible to 5.5 per cent moisture content of the paper. That is the best condition to use the paper. Even for newspapers when they buy their rolls, they specify a moisture content in the paper. To secure the equilibrium state of a paper, of 5.5 per cent moisture that means that the paper will not stretch and will not shrink, you have got to put it in an atmosphere of 80 degrees and 55 per cent relative humidity. So that when he gave that explanation I accepted it and put it in the specifications.

By Mr. Winch:

Q. Then, how do you explain 94 degrees in the building?—A. I will come to that later on when I am speaking of the monotype area.

By the Chairman:

Q. So this equipment was put in primarily to keep the condition of the paper in a proper state?—A. Yes, the equilibrium in the paper. That is very important when you have to print three colours, for instance, the paper has to be perfectly registered, and in the course of the operation it must not change its dimensions.

By Mr. Winch:

Q. You say 85 degrees?—A. 80 degrees and 55 per cent.

Q. Well, in your explanation, will you explain why the air conditioning is such that it gets up to 94 degrees?—A. That will come later on. Let me follow my story. In section 38, page 1, of my specification, scope of work:

This part of the specification is intended to include all what is necessary to air condition the plant at a constant 80 degrees and 55 per cent relative humidity when 75 per cent of the air is re-circulated and 25 per cent renewed.

That is common practice.

Mr. VARCOE: Tell them what equipment you proposed to secure that result.

The WITNESS: The whole system was divided into eight air conditioning units of 48,000 cfm—that is cubic feet per minute—capacity complete with controlling louvers, air washer, heat exchanger, partial tempering coils, and discharge into a plain end chamber from which went after final re-heat in main ducts to supply each floor. Five fresh air intakes, tempering coils. Each main duct shall have—I cannot read that.

Mr. VARCOE: Perhaps it would be sufficient, Mr. Cormier, if you just indicated the tonnage you provided for.

The WITNESS: My design was two units of 400 tons refrigeration, that makes 800. But due to the uncertainty of public tenders I was ordered by the deputy minister to eliminate from the first tender all that I could do without. So that my stand-by was eliminated. All the piping is prepared for it, and the space is available for it. That is one thing.

By Mr. Winch:

Q. Then you thought they should have two, but they only provided for one?—A. The one unit would be enough when the outside temperature reached 85, and all through my scheme on the work—

Mr. VARCOE: Clear that up, Mr. Cormier. That is what Mr. Winch is concerned about.

By Mr. Winch:

Q. The main point I am concerned about is this—and I taking only the statement made by Mr. Cormier—that on this engineering and installation he was taking instructions for a norm of 80 degrees?—A. And 55 per cent relative humidity.

Q. The fact is it is getting 92 and 94. Therefore, it is not functioning.—A. Yes, because it has been tampered with for two years.

Q. Could I ask you this then: Is the reported failure of the air conditioning now because you were not allowed to put in the two units, you were only allowed to put in one?—A. Yes.

Q. Are you saying that is the reason it failed?—A. Yes.

Q. In this case you were not allowed to put in the two units?—A. Yes, and I think I should file a letter I wrote to Mr. Mills recently that states all the facts.

Q. Are you maintaining now that if a second unit was put in that it would give a norm of 80 without a complete expenditure of \$700,000?—A. Oh, certainly.

By the Chairman:

Q. What would be the cost of the second unit?—A. I will find that. I will get the letter and read it. It is a letter to Mr. A. K. Mills. First, I will give the date,—Montreal, July 29, 1958.

Mr. A. K. Mills,
Assistant Chief Architect,
Department of Public Works of Canada,
Hunter Building,
Ottawa.

Dear Mr. Mills:

National Printing Bureau

For your convenience I wish to confirm the information given to you, yesterday, over the telephone.

The following proposals were submitted to the department:

By letter dated August 15, 1955, a proposal amounting to \$137,036.03 for a Stand-by Refrigeration Machine.

By letter dated August 15, 1955, a proposal amounting to \$41,052.00 for Self-Cleaning Air Filters.

There was also another paragraph but that does not concern air conditioning.

By letter dated August 17, 1955, a proposal amounting to \$21,184.81 for a second deaerator.

That was the two boilers which are for future extension.

A letter dated October 21, 1955, insisted on the necessity for the above equipment.

The same letter gave the reason why this equipment was omitted from the original contract. It was the wish of Mr. Murphy, Deputy Minister, to keep the cost down in view of the uncertainty of public tenders.

Now:

The Basis of the design was for an interior condition of 80 degrees D B and 55 per cent relative humidity. This is equivalent to 75 per cent effective temperature in air moving at 15 fpm.

Mr. M. E. Powers, printing consultant, engaged by the Department, stated to me that the basis of the design which he selected in his program was not in view of the comfort of the workers which varies with the individuals, but only in view of the ideal conditioning of the paper for good printing.

The air conditioning was designed for a range of exterior temperature of—20 degrees to 85 degrees, using the climatic data of the Department of Transport, Meteorological Summaries, published in 1948.

The extreme highest temperature of 92 degrees recorded over a period of 60 years, could easily be met with the use of the proposed standby refrigeration unit.

Now, the last paragraph does not relate to air condition. It is the volume of the building. Well, I will read it:

The volume of the building being 18,145,155 cubic feet at a cost of \$12,174,114.06, represents 67 cents per cubic foot, covering the exterior work executed on the site. This can stand comparison with any other projects.

To correct this unit price, I also made an estimate of the cost for the building per cubic foot. If I delete the site price, that comes to 57 cents. 57 cents is the result. It is very advantageous with any building of that kind.

By Mr. Campbell (Stormont):

Q. Does that take into account all the waste space?—A. Oh yes, what you call waste space.

The CHAIRMAN: Mr. Winch, can you finish?

By Mr. Winch:

Q. Mr. Cormier, in view of what you said, is this a fair question to ask you—I think it is or I would not, but I want to put it that way—A. I can say no.

Q. In view of what you have said in that letter, would you maintain that you wrote to the assistant architect of the Department of Public Works this year?—A. Yes.

Q. Is it your contention, as the one responsible for the engineering drafting of the air conditioning at the bureau, that the situation can be adequately met for \$148,000 as against the recommendation of the Department of Public Works at the present time of \$700,000? Is it your contention that it can be adequately met?—A. It is my contention that it could be adequately met, if you did not change the basis of the design; but they have changed it now; they have revised the office space to below 80 degrees I am told.

Q. The situation now is not as you originally contemplated it?—A. If you use more of my chilled water for the offices you have only so much left to use for the printing plant. That may increase it to 92.

Mr. VARCOE: May I ask one or two questions at this time, Mr. Chairman?

The CHAIRMAN: Does the committee object to counsel asking one or two questions?

Mr. WINCH: I have one more question but it is not on air conditioning.

The CHAIRMAN: Is it precisely on this point, Mr. Varcoe?

Mr. VARCOE: Oh yes.

The CHAIRMAN: If there is no objection, then very well Mr. Varcoe, go on.

By Mr. Varcoe:

Q. How does this proposal which you mention in your letter of July 29, 1958 for a standby refrigeration machine at \$137,000 and an air cleaning machine or air filters compare with your original design?—A. It is exactly my original design without deletion.

Q. That original design, you said, was to maintain a dry air temperature of 80 degrees?—A. No; with the two machines it could probably be 95 exterior air temperature.

Q. You say it could go up to 95 if you had this additional equipment which you originally designed?—A. And properly maintained.

By Mr. Winch:

Q. Who ordered you not to put in the second equipment?—A. I was not ordered not to put in the second. I was ordered to cut every item which were not essential to the proper functioning of the bureau.

Q. Did you consider that a second machine was not essential to the proper functioning of the bureau?—A. No; there was the danger of a breakdown.

Q. Who gave you the instructions that you were not to put this in to maintain the proper functioning of the air conditioning in the bureau?—A. I was given a policy.

Q. By whom?—A. By the deputy minister, Mr. Murphy; and I said it right there. I think this document should be filed.

By Mr. Spencer:

Q. When did you get that policy?—A. That was before the main contract was called for bid.

Q. Not in 1949?

By Mr. Varcoe:

Q. Was the space allocated for the second machine? Was it reserved?—A. Reserved and prepared for, and the connections for the piping were ready for it.

Q. Did you regard the deletion of the second machine as a temporary thing or as a permanent thing?—A. Certainly, temporary until the tenders came in.

By Mr. Winch:

Q. Would you mind telling us what would be the total cost of putting in the air conditioning unit as you designed it?—A. Just add the two figures.

Q. On the standby and the extra filters; how much was the amount?—A. And add \$137,036.03.

Q. That is for the standby unit?—A. Yes, and that was in 1958.

Q. And how much for the air filters?—A. \$41,052. Add those two.

Q. Could that be done with the present chilled water system?—A. The extra standby machine would produce more chilled water.

Q. The total is \$178,000 approximately.—A. Yes, it is \$178,088.03

By Mr. Campbell (Stormont):

Q. Are you ready to guarantee it if these things are put in?—A. There has been an increase in these prices.

Q. Allowing for an increase in the cost of materials, are you prepared to guarantee that these things would be satisfactory if they were put in and it was done as you suggest?—A. On my responsibility as an engineer.

Mr. WINCH: I have one other question, but it is not on air conditioning.

By Mr. Morton:

Q. Did you take the responsibility of eliminating that one unit in accordance with the policy laid down by Mr. Murphy?—A. Yes, with the intention of putting it back as soon as the prices came in and we had the money.

By Mr. Winch:

Q. I would like to ask one question, although it will be in triplicate; is it general practice in a building of this type to put the transformer vault alongside the boiler room and to bring in two 12,000 volt services from only one high tension line?—A. No.

Q. And in view of your statement that when the tenders were called the plans that you submitted were in sufficient detail, can you show me where on your plans you have rough ways for the wiring for the telephones, the buzzers, and the inter-coms. in the office section of the building?—A. You did not see this page in the specifications?

Q. I saw the plans but I could not see the provision for the wiring of that.—A. No?

Q. As a matter of fact, it was an extra.—A. No, I give the size of the conduits; this is one and one quarter inches; this is an inch; it is all figured in here.

By the Chairman:

Q. Does that appear in special numbering on the page?—A. No; those are definite conduits.

By Mr. Winch:

Q. Our information is that it was an extra and paid for as an extra.—A. No, no.

Q. I think so.—A. No. There is confusion there; there were several ducts to be put in the floor when they decided where to put their desks. That was postponed until they went into the building and decided what to do with the areas provided. If they had been put in too soon, they would have to have been scrapped, and of no use at all. It was a very wise procedure to follow.

The CHAIRMAN: Is there anything else, Mr. Winch?

By Mr. Winch:

Q. When you drew these plans did you contemplate two high lines?—A. Yes; I do not know how many times. I insisted it is not safe to have only one.

Q. That is why you put in two twelve thousand volt services when there is only one high line?—A. I wanted two, because if one should go out, the bureau would have to stop work. There would be only the diesel engines left to produce power.

Q. You called for it?—A. Yes, I insisted, but I got no results, mainly because Mr. Gardner could not get the power company to give us a second line. He tried to do it, but he did not succeed.

By Mr. Campbell (Stormont):

Q. Referring to my previous question: if the present Department of Transport, or the present organization—or the present government was prepared to act on your suggestion and to put in this additional equipment, and if this additional equipment should prove to be unsatisfactory, so that it had to be discarded, would you be prepared to reimburse the government for this \$178,000?—A. No. But I would be prepared to go to court, and you would have to prove it in court. I would like very much to have that contract, but I am certainly not going to spend \$700,000.

By Mr. Winch:

Q. Would you stake your reputation as an engineer that if it was done it would be satisfactory?—A. Provided you kept the same basis of design and did not change the conditions of 80 degrees and 55% relative humidity; then all right.

Q. You would stake your reputation on it?

By Mr. Campbell (Stormont):

Q. You would want the court to prove that it was unsatisfactory?—A. The court would decide.

The CHAIRMAN: Stick around; you may get the case yet, Mr. Campbell.

Mr. CAMPBELL (Stormont): I would like it.

The WITNESS: Give me your name and I will come to you about it if the situation presents itself.

By Mr. Walker:

Q. On the matter of air conditioning, Mr. Powers idea was to have 80 degrees and 55%—A. Yes; the two figures go together.

Q. With 55 degrees humidity.—A. That is right, percent humidity.

Q. At the present time what we are concerned about or worried about is this: we have all been over there, and we found that in Mr. Cloutier's office it was 74 degrees while in most other places it was over 92 degrees or 94 degrees.—A. You might find higher degrees in the casting room.

Q. In view of the fact that Mr. Powers' temperature was 80 degrees and you stated that you conformed to that and had equipment to provide that, then why did we find a 94 degree temperature almost universal throughout that building on the day we were there?—A. Did you not say 92 degrees on the average?

Q. As low as 87 degrees in the office and 94 degrees up in the press rooms and sometimes 92 degrees.

By Mr. Campbell (Stormont):

Q. In the office where it was 87 degrees, there were a number of office windows wide open.—A. There is no air conditioning any more, the moment the windows are opened!

By Mr. Walker:

Q. As a result of the necessity to open the windows, our understanding is that it was so high that it was unbearable and that it reduced it to 87 degrees by opening the windows.—A. I do not know about that.

Q. Do you not hold yourself responsible for not conforming to the specifications of Mr. Powers in getting a building which could be reduced to 80 degrees?—A. I did conform. Tests have proven it. I made tests myself and through my mechanical inspector. You have in your files in the department six sheets of experimenting, and all the figures are there. At the end of the day we brought it to the requirement where we started from zero at the beginning.

Q. The fact is, according to my understanding— —A. And what is more—

Q. Just a moment, Mr. Cormier; you will agree with me that this whole thing from the beginning, or from the time the building was completed so far as the air conditioning is concerned, has been plagued with bad luck. They have never been able to get down to 80 degrees, have they?—A. I do not know. Once the building is delivered, I have nothing more to do with it.

Q. You do not worry then?—A. But do not forget, Mr. Walker, that Mr. Young, General Young—has paid the contractor. So he must have been convinced that the system was working because he has paid the contractor. The contractor was obliged to give a result of 80 degrees and 55% R.H.

Q. We have it not working and not getting down to 80 degrees. You are the boss man, are you not, as the architect?—A. Until the building is delivered.

Q. Quite so; you are sort of the "angel Gabriel" of the owner, are you not? You protect the owner?—A. Yes, if I am asked to intervene.

Q. Did you think that Mr. Powers was exaggerating when he asked for a temperature of 80 degrees?—A. No; he convinced me that it was proper.

Q. Were you satisfied that 80 degrees was proper?—A. Yes. And what is more, nobody from the department or nobody concerned ever criticized it on that basis. It was only when they tried to reduce it to 76 degrees that the criticism started.

I shall explain the complaints of the employees. In the old printing bureau—I think this is to be found in the evidence—Mr. Cloutier said that on some days they had as high as 102 degrees, and the only recourse they had was to open the windows. When these same employees came into the new building and they saw the ducts up there, they said: this is fine; we have air conditioning. They thought it was intended for them.

Q. Is that your explanation?—A. That is what started the complaints.

Q. We have heard about this ever since a person called Richard Jackson wrote about in the Ottawa Journal.—A. Yes, that was the start of it all.

Q. I want to be fair to you. I suggest that the air conditioning plant such as you have now is completely inadequate. I suggest it is of the same type as you put in the Supreme Court of Canada, and that plant does not work and never has worked.

The CHAIRMAN: I do not think that is a very fair question.

The WITNESS: I would like to answer it.

Whoever told you that does not know anything about refrigeration machines. If he does not know the difference between a water vapour type of refrigeration machine and a compressor type, he does not know anything.

By Mr. Walker:

Q. Have you installed here the same antiquated air conditioning system that you installed in the Supreme Court of Canada in 1940?—A. Not at all. It was not antiquated.

Q. What is it?—A. You may cross that word "antiquated" out and I will say "yes".

Q. Very well. We will take out the word "antiquated". Let me ask you this: is it the same type of machine that you put in the Supreme Court of Canada?—A. No, it is an entirely different principle.

Q. Will you be good enough later on to tell us wherein it differs?—A. All right.

The CHAIRMAN: Are we concerned with the Supreme Court of Canada refrigeration system?

Mr. WALKER: I think so, because we shall have evidence that it has never worked, and that it does not work yet.

Mr. WALKER: In the Supreme Court building?

The CHAIRMAN: We are not concerned with the Supreme Court building.

Mr. WALKER: It is the same architect—built by Mr. Cormier.

The CHAIRMAN: I think we should restrict ourselves to this building.

Mr. WALKER: I want to find out whether an antiquated air-conditioning system is installed.

The CHAIRMAN: This is the second time you used this word, Mr. Walker. It was built for a special purpose and was installed, accepted and paid for by the Department of Public Works.

Mr. WALKER: I will abide by your ruling as I always have.

By Mr. Walker:

Q. Would you be good enough to tell me if this is not correct, that one requires an air-conditioning set-up great enough to provide 1.5 cubic feet of air per square foot of floor space?—A. I never use such a system of reckoning.

That varies from floor to floor. It is not at all scientific but the number of air changes. It is selected to the needs.

Q. Would this not be the approximate overall situation?—A. I do not know; I cannot say that offhand.

Q. What would you say?—A. I could give you the air changes, if you want them.

Q. No, I am asking you for the average?—A. Oh, I cannot say that.

Q. Cannot say that?—A. I am not going to do figuring here.

Q. Would you also tell me this: is it true—you must know what your own unit produces—that your unit provides not 1.5 but .4 only cubic feet of air per square foot of floor space?—A. I do not know unless I refigure everything. That is gratuitous assertion.

Q. Do you know what your air-conditioning unit provides?—A. I will tell you what it was designed for and what it produces.

Q. I will ask you this question: is it not a fact you have only provided an air-conditioning unit about one-quarter of the strength you should have—one-quarter of the facility?—A. No, one-half for extreme conditions.

Q. One-half?—A. Yes, because I was deprived of the second unit which from the start I wanted to put in. Make that clear.

By Mr. Spencer:

Q. The second unit was only a standby unit.—A. Yes, for taking care of extraordinary peaks—92 degrees. How many days in a year do you get that in Ottawa, and only for a few hours of the day? On rare occasions.

By Mr. Walker:

Q. Is it not a fact that the second standby machine you were going to order, and which Mr. Murphy cancelled, was in effect simply a substitute machine, because it was run by electricity, for the steam air conditioning unit you have?—A. Yes. It does not matter what the prime mover is, whether it is electricity or the steam turbine.

Q. Just as you have these three diesel engines as standby in case of failure of power so you can produce *Hansard*?—A. That assertion is wrong.

Q. You can correct it, if it is wrong.—A. Because one of the diesels should always be working, because part of the diesel is used in the equipment of the boiler house, not only for the printing plant. My idea was dividing it in three instead of two so there would be always one working. Next week, the next unit week after that, the third unit all of the three would be in proper condition when needed.

Q. And as far as the air-conditioning was concerned, you had an operation that ran by steam and it was your idea to have a duplicate that ran by electricity?—A. That is right, but not at 2,300 volts, as proposed for the new equipment.

Q. But you never did propose that two of them should run in conjunction and at the same time?—A. For the peaks, yes, certainly.

Q. But only for the peaks?—A. Yes; under normal conditions, only one.

Q. And would you tell us whether or not in looking up your records you have provided a unit to provide .4 cubic feet of air per square foot of floor space?—A. That is not a standard calculation in engineering at all. We figure it by air changes of volume. Now, I will tell you what is the basis of the design and what I achieved. On floor 3 there are four air changes per hour; floors 2 and 1 have three air changes per hour; the basement one-and-a-half air changes per hour. There changes involve 75 per cent recirculated air which was rewashed and 25 per cent new air; all this is quite normal.

Q. Now, Mr. Cormier, on September 12—this has been read into the evidence, and you have probably read the evidence; in any event your

distinguished counsel, Mr. Varcoe, would have done so—and it is a report to the deputy minister, Mr. Murphy, from the chief architect. At page 2, item (a) he states:

“The supervising mechanical engineer and the supervising electrical engineer have both studied the plans, (That is, the plans for the final building) and in each case have reported . . .”—

—in order to be fair to you, Mr. Cormier, in order that you can answer the question, would you be good enough to listen to me. Will you do that?—A. Yes.

The CHAIRMAN: Mr. Walker, will you give us the date of that letter?

Mr. WALKER: September 12, 1952.

By Mr. Walker:

Q. When Mr. Gardner submitted the final plans and specifications before the tender call went out for contract No. 6, which was the final contract for the erection of this magnificent building?—A. Fine.

Q. And this is a letter filled with criticism which I will not deal with now, but I will deal with the air-conditioning. Now, both of them have “studied the plans and in each case have reported they are not satisfied with the state of completion of the drawings” and drew attention to the following “(a) the air-conditioning installation is of a similar type to that which was installed in the supreme court building”. You are the one who installed it in the supreme court building?—A. Yes.

Q. And “trouble has been experienced with this installation since it was put in operation”. Now, when was the Supreme Court building opened? I think I remember being there in 1939. Was it opened that year?—A. No, I do not recall.

Q. It was 1940 or 1939. All right.—A. Do you not have some questions?

Q. I do, but will you wait? The senior mechanical engineer has recommended that some other type of installation be made in the printing bureau. Now, that is the recommendation of the engineer to the chief architect, and he complained to the deputy minister, Mr. Murphy, and you came from Montreal on the 16th of September, and apparently just as you have before this committee, you have very persuasive ways and it was left the way it was?—A. No. Read the letter to Mr. Gardner after my interview. That changes the whole picture.

Q. Does it?—A. Yes.

Q. It apparently has not changed the whole picture because it is still only .4.

The CHAIRMAN: Why do you not read that letter? After all, maybe we should inquire what the temperature was outside the building when we were over there too; it might alter conditions.

Mr. WALKER: It was a normal day.

The CHAIRMAN: A hot day.

Mr. WALKER: Mr. Chairman, so far you have been unbiased, but I do not think you should go that far. It is the air-conditioning unit we are concerned with, and not the temperature outside. Page 2 of Mr. Gardner's letter of September 17, after the interview with you, Mr. Cormier, and after being urged by Mr. Murphy to hurry up and get these tender calls out, he states:

The question of the air-conditioning system as specified by Mr. Cormier was discussed in detail with Mr. Hamel, the senior supervising mechanical engineer. Mr. Hamel is now satisfied that the specifications as written gives the necessary alternates to contractors who may be figuring this work. At least three different companies manufacture equipment which will be approved by Mr. Cormier, all of these companies manu-

facture their equipment in Canada. Mr. Hamel has stated that he is now satisfied that the air-conditioning system as specified will be one which would meet with his approval.

As a matter of fact, Mr. Cormier, you did not make any change?—A. Not at all. I just pointed out to Mr. Hamel that he did not know the difference between an air vapour refrigeration machine and a compressor, and he said “yes, you are right.”

By Mr. Pratt:

Q. I have three short questions, one to Mr. Cormier and two to yourself. My question to Mr. Cormier is: a few moments ago you said the architect's responsibility was ended with the completion of the building.—A. No.

Q. That was in the evidence.—A. That was misunderstood. I have said five years—

The CHAIRMAN: Give the answer now.

The WITNESS: I have five years' responsibility.

By Mr. Pratt:

Q. You do not mean that it was finished on completion of the building?—A. Oh no. The maintenance, I am not concerned with—if they break everything inside, I am not responsible.

Mr. PRATT: I have two questions for the chairman. When Mr. Cormier first took his place as a witness before this committee, Mr. Chairman, you gave us a long list of the qualifications of Mr. Cormier, including quoting the Supreme Court building.

The CHAIRMAN: What?

Mr. PRATT: The fact that he had—

The CHAIRMAN: That he had been the architect of the Supreme Court building.

Mr. PRATT: And yet when we raise the question of mistakes in this same building, you rule us out of order. Would you please explain, why the difference?

The CHAIRMAN: Yes, we are dealing here—I do not think I have to explain but I will try—with the printing bureau. If we go out on every job which Mr. Cormier has ever completed, we will be here for the next six months.

Mr. PRATT: But you took ten minutes to describe his excellent qualifications at the beginning of the session.

The CHAIRMAN: There is no harm in stating who a witness is.

Mr. PRATT: And no harm in also mentioning the mistakes that Mr. Cormier makes, as well as his successes. My second question: earlier this evening you said I should not criticize plans on exhibits which have been asked by this committee because the committee had called for these plans. Now, I would like to know why I cannot criticize the quality of any exhibit because it was called for by this committee.

The CHAIRMAN: If these plans do not satisfy you, you can get the plans you want; all you have to do is ask for them.

Mr. PRATT: You said I should not criticize these plans tonight because they had been called for by the committee. I am asking you why I cannot criticize any plans, exhibits or specifications merely because it has been called by the committee.

The CHAIRMAN: I do not quite see your point. If you want to criticize, try and do it. What is your point?

Mr. PRATT: My point is why I cannot criticize any point because it is an exhibit called for by this committee. You seem to think that an exhibit called by this committee is sacrosanct and cannot be permitted.

The CHAIRMAN: They were produced at the request of the committee.

Mr. PRATT: That is what you said.

The CHAIRMAN: You were basing your question on the plans which have already been submitted.

Mr. PRATT: That is all I have to say.

By Mr. Campbell (Stormont):

Q. To get back to the previous question regarding the Supreme Court building—it is not every building he constructed, it is only a relevant building in the sense there is the same type of equipment in the Supreme Court building as in the building under discussion.

The CHAIRMAN: No, he said the equipment is not the same.

The WITNESS: Only a sixty-ton machine is in the Supreme Court. It is only for a few days of the year because the Supreme Court does not sit regularly.

By Mr. Campbell (Stormont):

Q. It is the same type of installation?—A. Not at all. It is a water vapour machine the same as was installed in Rockefeller Centre, and twenty years after it was still working. Why does it work in Rockefeller Centre and does not work here? I will explain. It is because the maintenance engineer, the superintendent engineer—I do not know the name of the official function of that man—but the resident engineer in the building was not up to standard.

By Mr. Walker:

Q. In the Supreme Court building?—A. In the Supreme Court building. He was afraid even to push the starter, and whenever he wanted to start the machine he asked my electrical foreman to push that button. He was afraid it would explode.

By Mr. Campbell (Stormont):

Q. It was all the janitor's fault?—A. No janitor, he was an engineer.

By Mr. Walker:

Q. Would you stay here, while we are having the experts tell why it will cost \$700,000?—A. I want to answer. All during the war the building was occupied by armed services. The machine had not worked at all. It was not called upon to work and the—

Mr. VARCOE: Not used at all.

The WITNESS: Not used at all. It was idle. When they wanted to start it at the end of the war, everything was just jammed. The gaskets were sticking to the axles and everything was gummed up.

By Mr. Walker:

Q. This is the Supreme Court building?—A. The Supreme Court building. Then the same thing will happen to your car if you leave it two years in your garage without using it. You push the button of the starter and nothing will go.

By Mr. Walker:

Q. This is 1958 and it is not working yet.—A. Yes, it has been ruined forever.

Q. I see.—A. They called in a workman from Chicago to fix it. He scraped the axles and tried to fix it up but that machine is running at a very, very high speed and it must be perfect to run perfectly. After that accident it could not work. It would work 15 days and stop.

By Mr. Campbell (Stormont):

- Q. It is like the "one-hoss shay", once it has gone it has gone for good.—
A. Throw your watch on the floor and see if it will work after that.

By Mr. Walker:

- Q. Have you the same complaint about the printing bureau air conditioning system, that thy had a faulty— —A. Let me finish with the Supreme Court.

Q. You have condemned it pretty thoroughly, but go ahead.—A. I condemn the use to which the equipment was put.

I ask why—it is the same apparatus which was made by Ingersoll-Rand, which is not a fly-by-night company, and installed at Rockefeller centre and I saw it working 20 years after it was installed.

By Mr. Campbell (Stormont):

- Q. Perhaps it was done by a different architect to different specifications.—
A. No, no, the same machine, I am saying.

Q. May I ask one more question?—A. Why is it not working in the Supreme Court building when it is working in Rockefeller centre; that is what I want to know.

Q. I just want to ask one more question about a different matter.—A. I am not finished yet. Are you still referring to the Supreme Court building?

Q. No.—A. Let me finish with the Supreme Court then.

Mr. WALKER: I think he should be allowed to finish.

The CHAIRMAN: Yes.

Mr. VARCOE: Mr. Cormier, why do you not explain the difference between the Supreme Court equipment and that which is in the printing bureau? You say it is fundamentally different. Explain the difference to the members of the committee.

The WITNESS: The Supreme Court machine is a water vapour machine. It does not use a refrigerant as in the printing bureau. That is, the Freon eleven—monofluorotrichloromethane I have none of that in the Supreme Court. I have only water in the machine at the Supreme Court. Its capacity is not comparable to what I have used in the printing bureau.

When the first complaints were received that it was not working properly I went down where the air washers were. You realize that during the summer time the central power plant of Government buildings is stopped entirely. There is no steam coming to the Supreme Court building, so that for my re-heating coils I had to install two oil boilers to produce the steam for my re-heat coils. I opened them and I saw the interior was entirely new. I went to the oil tanks and there was not a drop of oil in them. That means that these boilers had never been used, with the exception of the test I made at the beginning.

With such a condition, how do you expect a system to work? If you do not use the machinery you have, how do you expect it to work?

They just refrigerated the air and saturated it to the dew point temperature and threw it in the building with the result that if you place your hand on a table it felt clammy because the re-heat was not made, the air was not re-heated at all.

Mr. CAMPBELL (Stormont): Fine. I think you have convinced me, sir, that it is a different installation and a different set-up.

The WITNESS: The only one day I ever met Brigadier Young in my life. I met him at a certain time after a meeting and he brought me into his office. He said, "We have got trouble with you all the time, and your installations. I have always got complaints from a judge who gets a draft of air on the back of his head. The other judges do not complain, but this one complains."

It happens that I have six offices with exactly the same situation, with a small grille at certain height above every judge's desk.

At that time it was my first meeting with Mr. Young. I let him say what he wanted. I did not answer that. At this first meeting, I wanted to let him run out steam first, you know. I intended to come and see him and make friends with him later on, but I did not. Unfortunately I was too busy.

The answer to his problem was simply a matter of taking a screwdriver and turning the screwhead that you see there a quarter of a turn. The louvers that are at the back of the grille, instead of being in the direction of the complaining judge, the air would then just pass over his head, and that is all. The thing would have then been corrected. That is the only grille where the louvers were not adjusted properly. All the others were.

By Mr. Campbell (Stormont):

Q. So that judge suffered?—A. This was not my fault, it depends on the resident engineer of that building.

Q. Fine. I think you have convinced us, sir, that everything is different. The only thing that is similar, as Mr. Bell has said, is that neither of them worked.

There is one more question I would like to ask. When you were producing the original plans and specifications you must have contemplated that approximately \$2 million worth of paper would normally be stored in this building. Why, therefore, was there no provision made for fire protection or sprinkler system. Why was that not installed until seven years later?—A. My only guide for fire protection was the book that was given by Mr. Powers. He handled the fire protection in it and I followed that. There was no question of a fire commissioner at the time.

Q. There was no sprinkler installed at all until years later?—A. Oh, yes, at four places; in the carpenter shop, the paint shop, the electrical repair shop and another place—the oil room.

Q. But it was not installed in the place where the inflammable paper would be stored?—A. No, not at all.

Q. Not at all?—A. You try to inflame a roll of paper and you will see why. A blow-torch will not inflame it.

Mr. BELL (Carleton): Mr. Chairman, I wonder if this is perhaps an appropriate point to adjourn? The witness has had a long day.

The CHAIRMAN: Yes, in view of the fact that the witness has been here for a long time today.

The WITNESS: I do not care.

Mr. BELL (Carleton): It has been a hard day for the staff and I think it has probably been a hard day for our friends from the press gallery as well.

The CHAIRMAN: Is there a motion to adjourn?

Mr. BELL (Carleton): I move we adjourn.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

WEDNESDAY, AUGUST 27, 1958

WITNESSES:

Mr. Watson Sellar, C.M.G., Auditor General; and Mr. H. R. Balls,
Director of Financial Returns and Financial Accounting
Policy Division, Department of Finance.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserdien
Bissonnette	Hales	Nugent
Bourget	Hanbidge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Simcoe North</i>)
Carter	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Cathers	MacRae	Spencer
Chevrier	Martel	Stewart
Coates	McGee	Valade
Crestohl	McGregor	Villeneuve
Dorion	McMillan	Walker
Drouin	Morissette	Winch
Doucett	Morris	Wratten
Drysdale	Morton	Yacula

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

WEDNESDAY, August 27, 1958.
(17)

The Standing Committee on Public Accounts resumed at 2:30 p.m. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Bell (*Carleton*), Bissonnette, Campeau, Cathers, Coates, Doucett, Drouin, Drysdale, Fraser, Grenier, Keays, Macdonald (*Kings*), Macnaughton, McGee, McGregor, Morton, Murphy, Nasserden, Nugent, Pratt, Smith (*Winnipeg North*), Spencer, Villeneuve, Walker and Winch—(25).

In attendance: Mr. Watson Sellar, Auditor General; and Mr. H. R. Balls, Director of Financial Returns and Accounting Policy Division, Department of Finance.

Mr. Murphy, M.P., raised questions relating to Polymer Corporation and certain expenditures concerning the Canadian Embassy residence in Brazil. These matters were referred to the Steering Committee for consideration.

The Chairman introduced Mr. Balls, and asked Mr. Sellar to proceed with his prepared statement concerning the "Form of the Public Accounts". Following Mr. Sellar's statement, Mr. Balls, on behalf of the Department of Finance, outlined certain proposals to the Committee.

The Auditor General read a statement concerning the advisability of "Taking Revenues into calculation when voting supply"; and he was questioned thereon. Mr. Balls was also questioned respecting Mr. Sellar's statement.

Other matters, relative to the form of the Public Accounts publication, were discussed.

At 4:00 p.m. the Committee adjourned until 7:00 p.m., at which time the Committee will further examine Mr. Cormier respecting the construction of the National Printing Bureau.

E. W. Innes,
Acting Clerk of the Committee.

EVIDENCE

WEDNESDAY, August 27, 1958.

The CHAIRMAN: Gentlemen, we will now proceed.

Mr. MURPHY: Mr. Chairman, before you begin this part of the procedure, yesterday I had asked questions, the first relevant to Polymer in order that the committee might know (I think they should) what we were concerned about. One thing you were going to obtain the information from the Auditor General on was with respect to Polymer Corporation. Some time last year when the president resigned the directors granted him a three month's bonus, some \$12,000 to \$15,000.

The other question I had concerned Polymer also, respecting contracts. I think it was explained completely that Polymer had subcontractors. This one general contracting firm had had the contract for some years and as a matter of fact in the first statement I made I believe that their price was 2 per cent higher than another reputable firm in the city.

I think, Mr. Chairman, you indicated that these questions, because of the answer given by the Auditor General, were a matter of government policy. I wish now to disagree with that statement because I say—and I think rightly so—that these actions by Polymer were not the policy of either the previous government of which you are a loyal supporter, nor would it be the policy of the present government of which some of us are supporters.

I submit it is not a matter of government policy at all, that it is rather simply administrative ideas and policies carried out by a crown company, and if Mr. Sellar cannot answer those questions—and probably he cannot—then I would like to know when we can have witnesses before this committee, because apparently it will be sitting for another ten days or maybe more, in order to answer these questions which were raised at a very early meeting.

Respecting the other question about the Brazilian embassy residence, I asked very explicitly at a very early meeting how it came about that the government at that time spent some \$500,000 on a residence for an embassy knowing they would only be in that capital for some three years. I also asked at a subsequent meeting, Mr. Chairman—and you can produce the evidence—as to what happened to the Canadian money that was transferred into other currency whereby Canada and the taxpayers lost some \$30,000 odd.

I submit in dealing with public accounts we are not only entitled to deal with what is in the public accounts statement prepared by the Auditor General, but what might not be in and which I contend probably should be in.

I make that observation because I believe the Auditor General was apprised of this information at the time this occurred, and if the Auditor General still takes the stand that it is government policy, I think I must disagree because I think it is something this committee should inquire into. We all know that the capital of that particular country was being moved, and yet this huge sum of the taxpayers' money was being spent to provide this palace for our ambassador in that particular country, knowing the capital would only be there for another period of three years.

If the Auditor General cannot answer the questions—and I hope he can—and tell us what happened to this \$30,000 or \$31,000 in the difference in exchange, then when may we expect to have those in the department who will give us this information?

The CHAIRMAN: Well, Mr. Murphy, you have asked two or three questions, I am not quite sure which.

Mr. MURPHY: That is right.

The CHAIRMAN: Would you wait until we get the text of your questions, and then we will submit them to the steering committee and thresh it out and see what we should do about it? I am not quite sure myself, and I certainly would not want to foreclose you or make a wrong statement at this time.

Mr. MURPHY: I appreciate that.

Mr. BELL (Carleton): I think the trouble is Mr. Murphy is leaving.

Mr. MURPHY: Yes, I expect so. In fact we all expected to be leaving soon.

The CHAIRMAN: Not before ten days. You said so.

Mr. MURPHY: The point is whether or not in addition to the questions that I have previously given, we are going to get this information I asked for because I do know that the Auditor General thinks it is a matter of government policy. I think it is not a matter of government policy.

The CHAIRMAN: We will leave that to the steering committee.

Now, gentlemen, we have with us Mr. Watson Sellar, the Auditor General, and Mr. H. R. Balls, who has been with the Department of Finance since 1950. Before that time from 1931 to 1950 he was in the Auditor General's department. Then, in 1950 he joined the Department of Finance. Today he is director of the financial administration and accounting policy division, Department of Finance.

I suggest that we start with Mr. Watson Sellar who raised this question, which you will find discussed briefly in the minutes of proceedings and evidence number one, at page 16.

After Mr. Watson Sellar has outlined his position, then I suggest we ask Mr. Balls to comment.

Watson Sellar (Auditor General of Canada), called:

The WITNESS: Mr. Chairman, as you said, I made some verbal remarks on the first day they were relatively brief, so I thought when I was called to appear today on the subject that I should put it down in written form so that the members will have something before them. If that is satisfactory, Mr. Chairman, I will read it into the record.

By the Chairman:

Q. This written resume has been handed out already to the members?—
A. Yes.

1. The form of the public accounts is a statutory responsibility of the Minister of Finance; however, practice has always been to discuss in advance any material change with this committee. Currently, the emphasis is on providing statistical data in considerable detail. A consequence is that, as expenditures increase, the utility of the book diminishes because only an accounting expert knows where to look for information.

2. The direction with respect to the form of the public accounts is to be found in the Financial Administration Act and reads:

64. (2) The Public Accounts shall be in such form as the Minister may direct, and shall include:

(a) a report of the financial transactions of the fiscal year;

- (b) a statement, certified by the Auditor General, of the expenditures and revenues of Canada for the fiscal year;
- (c) a statement, certified by the Auditor General, of such of the assets and liabilities of Canada as in the opinion of the Minister are required to show the financial position of Canada as at the termination of the fiscal year;
- (d) the contingent liabilities of Canada; and
- (e) such other accounts and information as are necessary to show, with respect to the fiscal year, the financial transactions and financial position of Canada, or are required by any Act to be shown in the Public Accounts.

The same section requires that tabling be on or before December 31st, or within fifteen days after parliament is next assembled.

3. Volume I of the 1957 public accounts, now before the committee, contains 1160 pages. It tends to repel readers because the type size used, other than in the audit report, is too small for the length of the line. Volume II contains 151 pages and is a reprint of financial statements of public corporations already tabled in other form.

4. Any comparison with other commonwealth countries has limited value because of differing parliamentary requirements. For example, in New Zealand the financial statements and the audit report are to be printed and tabled within 60 days after the close of the financial year. However, a page count comparison (including audit reports) may be of interest, so one is now given:

	Pages
Canada	1313
United Kingdom	1003
Pakistan	989
Union of South Africa	438
Australia	314
Ceylon	221
New Zealand	64

The South African report is bilingual with 438 pages used for the English text. The report of India is special, so is not included. Canada is the only commonwealth country that prints names and treats with departmental 'open accounts'.

5. It cost \$52,600 to print the blue books (English and French editions) before the committee. Compilation and editing cost are not known.

6. Since confederation, practice has been to particularize in the public accounts. At one time the payee and purpose were given for every payment of a dollar or more. More recently, an effort has been made to have the book also serve the needs of economists, students, etc. My contention is that the public accounts should be planned to meet the needs of parliamentarians and the public accounts committee in particular. This calls for the chaff being separated from the wheat, so I suggest parliament demand two things: (a) that the public accounts be in circulation before the summer has ended and (b) that there be a good index. Put another way, my suggestions are:

- (a) If a listing of suppliers is desired, insert at the back of the book a composite table for the public service as a whole when totals of payments exceed, let us say, \$100,000.
- (b) Pattern reports on expenditures on the format of details printed in the estimates to permit ready comparison.

- (c) Whenever appointment is by the Civil Service Commission, discontinue salary listings by name, save in exceptional circumstances, but continue listing when appointment is by the government or a minister.
- (d) Summarize open accounts' material as subsidiary data to the statement of assets and liabilities.
- (e) Discontinue historic statements (see pp. 129-133 for examples).
- (f) Discontinue volume II.
- (g) Require a good index.
- (h) Require the public accounts and the audit report to be presented by August 31 to the house if in session; if not, to the Speaker, whereupon the distribution office to mail copies to members and senators.

That, sir, is my general approach to the subject.

By the Chairman:

Q. Would you care to explain it, or do you desire to answer questions?—A. I would be very glad to answer any questions. I am inclined to be too verbose. So let us have questions.

By Mr. Bell (Carleton):

Q. What is special about the report in India?—A. They also take in accounts of the provinces and certain princes. The auditor general of India audits the accounts of the princes and of the provinces. They are mixed together.

Q. What is the practice in the case of the Congress in the United States?—A. There is no audit report at all in the United States.

Q. None whatever?—A. No. The controller-general of the United States files a report on certain things, and the treasurer of the United States files a financial statement. But in our meaning of the word, there is no audit report in the United States. The audit in the United States is done by the departmental auditors.

By Mr. Winch:

Q. Do you believe that you could cut down the size of our report?—A. You ask how much could we cut it down? I think we could cut it in half. That is my own opinion.

But bear this in mind: that back in 1941 the auditor general then prepared the public accounts as well as the audit report. The audit was a very voluminous document in 1941. That was my first year, and I cut it down to a tremendous extent. Whereupon, the now Senator Pouliot, "Tommy" Church, and Mr. McNicol, raised "hell", so a year or so later it was arranged that the Department of Finance take it over.

By the Chairman:

Q. You have indicated some of the reports from our sister-commonwealth countries, and you have said they are literally just about one-tenth in size as compared with ours, and you say that they are issued quite soon after the end of the fiscal year. Do you think that is possible with ours?—A. Yes sir, and for two reasons: yesterday I received by air mail from Australia, the annual report of the auditor general of Australia for the year ended June 30, 1958. That is less than two months old. That is one reason.

The other reason is that annually—other than this year—because of special circumstances; this year we were waiting for certain legislation—the

Department of Finance prints in the Canada Gazette in either July or August a statement of revenues and expenditures and of assets and liabilities of Canada.

In the Canada Gazette for the 31st August 1957, there are several pages given over to the financial statements which are before you at the present time in a much extended form. These were sent to the Queen's printer under the date of August 20th.

Therefore I think it is quite possible, physically, for us to do that. The question is: do the members want a mass of detail, or would they prefer less detail, and prefer to get this quicker? That is all.

By Mr. Winch:

Q. What is your recommendation now in that respect?—A. I set out my recommendations in the last paragraph of the statement which I just read. That is what I suggest.

I put it two ways: I say, if we cut down the time available to prepare the book, we thereby automatically cut down on the stuff which is sent to be printed. The other way is for this committee to say: we do not need such things, and we could eliminate this.

The CHAIRMAN: I wonder if Mr. Balls has any comments to make on this statement?

H. R. Balls, (Director, Financial Administration and Accounting Policy Division, Department of Finance) called.

By Mr. Winch:

Q. Mr. Balls, have you any objection to the recommendations of the auditor general?

Mr. BELL (Carleton): Let Mr. Balls make his own statement.

The WITNESS: I would say in the first place that we in the Department of Finance—and I certainly think that I am speaking for my minister—agree wholeheartedly that the public accounts should be planned for the information of parliament and particularly for the information of the public accounts committee.

We would also, however, I think, take the view that there should be nothing proposed by the Department of Finance or by the officials of that department—and I am quite certain too that my minister would not wish me to make any proposals—which would serve to reduce the amount of information which is available either to parliament or to this committee; our purpose is that members of the committee have full information, as much information as they desire, with which to examine and to make a full study of the financial transactions of Canada.

With that in mind, I would be very reluctant to make any proposal with respect to the reduction of the public accounts in its present form.

By Mr. Winch:

Q. I take it from what you have said that you have no authority or no policy statement to make on the reduction?—A. No sir. I am here, as I understand it, to give what information I can. I am very happy to give what factual information I can with respect to the form of the public accounts and also, if I may, to assist you to make any recommendations which you might wish to make.

Q. Can you tell us whether or not you have any idea, from your position—if you would like to see—in your department, a reduction in the size of the

volume?—A. I can only repeat that our purpose is to produce the public accounts in the form which best meets the needs of the members of parliament and the public accounts committee.

There are one or two matters of fact which I might put before you for consideration and which, if you should wish to bring in recommendations, might assist you.

One thing would be: that at the present time—I wonder if I might crave your indulgence to run through, very briefly, the paragraphs of the public accounts and the format and content of them.

In the first place, you will notice the Public Accounts are set up in a form whereby they are, in essence, in three parts.

The first part—approximately the first 130 pages—consists of an analytical review of the transactions of the government for the fiscal year under consideration.

In this sequence are brought together the basic and more important aspects of the financial operations for the year. This includes a summary statement of the budgetary revenues and expenditures for the year, and the accounts and transactions with respect to the assets and liabilities of the government for the year. It also shows the cash position, indicating the amount of cash that has flowed into the consolidated revenue fund, and the payments that have been made out of that fund, as well as a statement in regard to the debt.

I can go into that in greater detail if you wish it. But in addition, following these statements you will notice, beginning at pages 92 and 93, there are summaries and financial statements of the government for the fiscal year, showing revenues and expenditures; and on pages 94 and 95 there is a statement of assets and liabilities. These are followed by explanatory notes on the statement of assets and liabilities showing the nature of these various assets and liability accounts.

Commencing on page 99 there are various schedules to the statements of assets and liabilities. These are followed by a number of miscellaneous financial statements which extend to the end of part one.

At the beginning of part two there are summary statements of the accounts appropriations, of expenditures and revenues by departments. These are followed by some considerable detail. Each department is given a separate letter index. This is a statement in great detail, and I shall refer to it again in a minute, if I may.

In the first part, part one, there is given an analytical and economic review in relatively summary form of our financial transactions for the year.

At the end of the volume appears the auditor general's report which, in very short and compact form, deals with those aspects of the transactions for the year which the auditor general has felt it proper to call to your attention, either as a matter of criticism or of comment.

The analytical summary at the beginning and the auditor general's report together provide a fairly concise method of bringing to your attention the transactions of the government for the fiscal year.

To the extent that you may want to go into those transactions in greater detail, the preparation of part two of the accounts—which is the responsibility of the comptroller of the treasury—provides information which permits a review or examination in depth or detail to the extent that members may wish.

Q. Can you give me one answer? You are from the Department of Finance?—A. Yes.

Q. Can you give me one answer: is there any way, whereby the members of the House of Commons or of the Senate and of the committees can reduce the content matter of this book?—A. I am sorry, but I am afraid I could not hear you, Mr. Winch.

Q. Can you, representing the Department of Finance, tell this committee, in view of the report of the auditor general—can you tell us if it is possible to have all the information given to the members of the House of Commons and of the Senate and of the committees, and still reduce the content matter of this book?—A. I might suggest to you, sir, what would be the consequences if there were certain recommendations forthcoming from this committee. For instance, could I refer you in this regard to the section of part II which relates to the Department of Agriculture. This may serve as a means of giving you some guidance in a matter of fact. Could you look at page—

Mr. WINCH: Page what?

The WITNESS: Page A-53, which relates to the expenditures of the Department of Agriculture. You will notice here there is a very detailed listing of the names of employees receiving salaries in excess of \$5,000, and travelling expenses of \$500 or over. From time to time this question has been before the previous public accounts committees and when it was last considered by the committee, the committee recommended the rates of salaries of \$5,000 or more received by civil servants should be listed.

The CHAIRMAN: Order please. If you want to have conversation, would you do it outside please. We will wait until you have finished.

An hon. MEMBER: I am sorry.

The CHAIRMAN: And so are we. We cannot hear if there is so much noise.

Mr. WALKER: He is a very important public official.

The CHAIRMAN: He may be, but there is no reason to interrupt us here. I am sorry, Mr. Balls.

Mr. WINCH: Page AA-53?

The WITNESS: A-53, which relates to the expenditures, the financial transactions of the Department of Agriculture. I am referring particularly to the list of the names of employees of that department receiving salaries at annual rates of \$5,000 or over, and travelling expenses of \$500 or over.

I may say, Mr. Chairman, for the period from 1942-43 to 1946-47, it was the practice to list in the public accounts the salaries of all employees in receipt of \$2,400 or over per year. From 1947-48 to 1949-50, the salaries of employees receiving \$3,000 or over were listed; and in 1950-51, on the recommendation of the public accounts committee of that year, the amount was raised to \$5,000. Since that time the salaries of civil servants have been increased approximately 40 per cent. As a matter of information for you, if you should wish to make a recommendation that the salaries of civil servants receiving, say \$8,000 or over annually, should be published instead of those receiving \$5,000 or over, it is our estimate that this public accounts report could be reduced by approximately 150 pages.

By Mr. Winch:

Q. By what amount?—A. By approximately 150 pages.

Q. And is that being considered by your department?—A. This is not a recommendation, sir: it is simply a matter of fact. If this should be your wish, and the committee should make this recommendation, this would be the consequences of such a recommendation.

Q. A reduction in this book in the amount of 150 pages?—A. Yes. I may say in addition, if you would reduce and make a recommendation to publish only the salaries of civil servants in receipt of \$8,000 a year or more and instead of publishing travelling expenses of \$500 or more, to increase that minimum to \$1,000, something between 150 pages and 175 pages could be saved.

Q. Could you give us an estimate of the saving in the cost of printing?—
A. I could not give you that, sir. Mr. Sellar, in his statement, has indicated that the total cost of the printing of the volume is approximately \$52,000. In addition to that, there is the cost in connection with compilation, and editing but I have no figures as to the precise cost.

Q. Are there any further reasons you know of why it should not be decreased so as to reduce the cost?—A. I believe if this were the recommendation of this committee, that the Minister of Finance and the department would be quite prepared to give very favourable consideration to such a recommendation.

By the Chairman:

Q. Was there any reason why you fixed on the figure of \$8,000; why not \$10,000?—A. There is no particular reason, sir. It was just simply in seeking to make some sort of estimate in this way we had to fix some figure, and this was to give you an indication as to magnitudes.

By Mr. Winch:

Q. Is there any basis at all, if this were recommended and put through? I presume that any matter, or any price, or any salary, could still be the subject of an inquiry, although it is not covered in this report?—A. Oh, quite. This would be available either through application or letter to the Civil Service Commission, or through the normal process of a question in the house.

Q. Basically, as far as the investigation is concerned, it would be all right whether it is \$1,000 or \$10,000 or \$15,000—they could still question it, but on the report it would only be over \$8,000?—A. Yes.

Q. And you think you would save 150 pages?—A. That is our estimate.

Mr. WINCH: Could I ask Mr. Sellar, is that your reaction too?

Mr. SELLAR: I see no sense in going by salaries at all; I may be quite wrong. But your real interest, when you come to salaries, is what the top men in the departments and in the branches get; you are not interested in a particular figure, you are interested in what is this fellow I deal with getting—what are they paying him—and use it as a yardstick to see whether that department is overpaid or not. That would be my approach, rather than picking \$8,000 or, as the chairman said, \$10,000.

Mr. WINCH: In view of the fact you have a section in your report on this, how would you make a recommendation to our committee?

Mr. SELLAR: Pardon me, I had nothing in my report. This is my first submission to you today. The way I would do it would be to put Mr. Taggart as deputy minister, the assistant deputy minister and then I would look around for the heads of the various branches and put them in with their salaries. Those are the fellows I would put in.

When you come to travelling expenses—and I could use my office as a good illustration—the boys who spend the most money are those who are running around the country on the audit of crown corporations, and most of them are junior men. I have had men on my payroll who drew more in a year in travelling expenses than they drew in salary; yet, they were routine expenditures at reasonable rates per day.

Mr. WINCH: Could I ask you this question: have you as the Auditor General the right to question any payments whatsoever?

Mr. SELLAR: No, I have the right to report to you any payment, but I have no right to challenge it.

Mr. WINCH: If by order in council or anything else it is authorized, you must approve it?

Mr. SELLAR: I do not approve it. The payment is made. I just catch it in the audit.

Mr. WINCH: As long as it is made by an authorization you have to accept it in your audit; is that right?

Mr. SELLAR: Not necessarily. There has to be a legal authorization.

Mr. BELL (*Carleton*): If there is not, he reports.

Mr. SELLAR: If not, I report it to this committee. I have no power of disallowance. I report it to this committee and they can disallow it if they wish or report it to the house to be disallowed.

Mr. WINCH: As Auditor General, you audit all books?

Mr. SELLAR: Yes.

Mr. WINCH: But irrespective of the payment, as long as there is a legal authorization, you must clear it—as long as it is paid by legal authorization; is that right?

Mr. SELLAR: If there is a legal authorization, yes.

Mr. WINCH: Then your position is just to examine that every expenditure made by government is legal, no matter how it is made, as long as it is legal?

Mr. SELLAR: And to draw to your attention those that I consider are not properly made.

Mr. WINCH: And if you do not think some things are correct, then your responsibility is to draw it to our attention through your report?

Mr. SELLAR: Yes, and then my responsibility ends. The responsibility is then on you.

Mr. WINCH: Mr. Chairman, I am trying to get this clear in my mind—I am sorry; it is interesting.

The CHAIRMAN: Go ahead.

Mr. WINCH: Anything which is paid with the complete authority of parliament or the governor general in council, or statutory—that is fine; but if I understand, Mr. Sellar, if you think that although it is completely legal it is not right, is it your responsibility to draw it to the attention of parliament in your report?

Mr. SELLAR: Yes.

Mr. WINCH: That is your responsibility?

Mr. SELLAR: Sometimes I may have to draw it to your attention in devious ways. I have to raise it as an issue of principle so as to attract your interest. I know that my report is the dullest possible reading.

Mr. BELL (*Carleton*): Oh, not at all.

Mr. SELLAR: I have to bring the thing to you in a way that will tempt you to read it.

Mr. BELL (*Carleton*): Sometimes it is better than any dime novel.

The CHAIRMAN: It has not been dull this session.

Mr. WINCH: I would like to get back to what we are discussing. Why have you drawn this to our attention and the attention of the director, here, now? Why?

Mr. SELLAR: Because in the course of my giving evidence on the first day the chairman asked me how many of a staff I had, how I was organized, what improvements did I think might be made; and I suggested that the committee might consider two improvements if they wanted it. One was the size of the public accounts; the other was a treatment of service fees in appropriating moneys for the cost of services.

Mr. WINCH: And as Auditor General you felt there was something wrong with the size of it?

Mr. SELLAR: Well, I think it is far too big.

Mr. WINCH: Fine. Now, can we get right down to it?

The CHAIRMAN: He wanted to reduce the size and to get the report in the hands of the members in much faster time.

Mr. WINCH: Now I want to ask the witness if he thinks we should reduce this?

Mr. BELL (Carleton): Mr. Balls has surely given his evidence fully on that point.

Mr. WALKER: He is a civil servant and he is speaking for the minister as far as he can, and I think you should leave him alone.

By the Chairman:

Q. Mr. Sellar says one way would be to take only the top executive salaries, and you say another way would be to take salaries of \$8,000 up and travelling expenses of \$1,000 instead of \$500.—A. Yes.

Q. Is there any conflict between the two in this, or could they be put together?—A. I would suggest to you by taking the larger salaries and publishing them alone you are in fact accomplishing in a large measure precisely what the Auditor General is suggesting to you in this regard. Presumably the senior officers are those in receipt of the larger salaries. I do not think fundamentally there is too much difference in our approach on this, and I think possibly Mr. Sellar may be proposing we can go somewhat further than I had assumed in the presentation of these statistics.

Q. Well, are you in a position to state? I put this question very carefully now because he said I am persecuting and I am not. Are you in a position here today before this committee to tell us that consideration may be given on recommendation of this committee in regard to the reduction of the size of this report?—A. Mr. Chairman, in answer to that I should say I am sure the Minister of Finance and the Department of Finance would give very serious and very sympathetic consideration to any recommendation forthcoming from this committee in regard to the reduction in the size of the public accounts.

Q. Could I ask you one further question: have I been persecuting you?—A. No sir.

The CHAIRMAN: Mr. McGee?

Mr. McGEE: Mr. Chairman, I am rather astonished to hear Mr. Winch's change in tactics. I assume they occurred this morning before his statement. Mr. Chairman, I would like to ask the Auditor General this question. There have been a number of comments—I have read them over the years—in connection with government spending and government waste and government extravagance. The statement has been made that if we knew where to look—the statement has been attributed to officers within certain departments—it would be much more productive in securing this information. That was particularly true in the case of some of the departments that were before the estimates committee. There was a sort of "I told you so" statement made after the estimates were completed and passed by the House of Commons.

I seem to interpret from your point of view, sir, that you know where a lot of likely prospecting ground exists but that you are under some impediment to volunteer this information. Is that so?

Mr. SELLAR: No, sir, that is not.

I know that a member of parliament is at a tremendous disadvantage in dealing with a department. He only has certain information. He cannot know

all of what is going on in a department. Take a big department; you had before your estimates committee the Department of National Defence, which is the biggest one. There are no people in the public service that are easier for me as auditor to get along with than service people. If there is a regulation they will follow the damn thing if it blows out the window. That does not say that they will interpret it with common sense.

So far as my official job goes, it is an easy department to deal with. However, it is very big. You may hear things; I may hear things; my staff may hear things, but none of us hear the same things. However, we all hear something. Therefore we all have the feeling that if we knew where to look for the things we would find them.

If you go back a little while you will remember that one of the members of this committee raised a question about some shorts that were sold by surplus war assets. The shorts were too narrow in the seat and they were no good. We had heard about that matter considerably before it was brought up. I am not trying to take any of his thunder away, but we had heard about it. My problem is not his problem. We searched back to try to find who made the mistake in 1944-45. Of course, we are at a dead end. We do not know whether the mistake was made by the wartime prices and trade board, or whether it was made in the Department of National Defence. We cannot identify anyone who is around now who was mixed up in it then.

Here is my problem: the Surplus Crown Assets Act says that the annual report of that corporation shall be in such form as the Auditor General shall prescribe. That is the only act in the statute book that says that. My staff have used this question about shorts as a sample. They come back and say to me, "Mr. Sellar, we are none too sure that our instruction to the crown assets to detail everything is not working against us." There is a tendency to conceal stuff by not offering it for sale. In other words, covering up mistakes of previous years.

That is the angle which I am studying this summer and fall, but this would not hit you, sir. Any evidence that the department gives you is honestly given, but it all depends upon whom they bring in and how much he knows, and that is what you are up against. This does not mean that the top man necessarily knows everything. Sometimes you have to go down the line.

Pardon me, for being so long-winded.

Mr. McGEE: Not at all, this has been very interesting.

Mr. BELL (Carleton): Shall we go ahead to the next point?

The CHAIRMAN: Yes. Mr. Bell, you have a point?

Mr. BELL (Carleton): Do we not have before us the question of considering the form of estimates as well?

Mr. WINCH: Yes. To me, Mr. Chairman, this is one of the most important things.

I am in complete agreement with what I understand is the reading of the report of the Auditor General.

That is, basically, our federal status of assets and liabilities is not true. I am sorry that one member who feels the same way I do about this is not here today.

I feel that in our federal House of Commons on our report of assets and liabilities we never include the money which actually is basically a return on revenue.

Mr. Chairman, I am going back to my own experience now of 20 years in the British Columbia legislature. It is not correct that we should give

the expenditures of the House of Commons by authorization which, in many instances, amounts to hundreds of millions of dollars more than what are actually expenditures because there are certain revenues.

In the British Columbia legislature—I want to use that as an example, if I may, Mr. Chairman, and I have here the last report on the estimate of the revenue and expenditures of British Columbia.

Mr. BELL (Carleton): Are you quoting Social Credit doctrine now?

Mr. WINCH: No, I am quoting what existed when I first went into the legislature in 1933 which had a labour government. There was after that a coalition government—Conservative and Liberal—but at all times the actual vote on estimates included the revenue which was coming in. I honestly believe that if we have a direct revenue in any department, that is a direct revenue, then on the estimate itself, it should be shown so that the people actually know the amount it is costing them as taxpayers.

The CHAIRMAN: Shall we ask Mr. Sellar to comment on this?

Mr. WINCH: Yes.

Mr. SELLAR: Mr. Chairman, that was another subject that I brought up the first day.

The CHAIRMAN: Yes.

Mr. SELLAR: Again I felt that members of this committee were entitled to something a little more extensive than what I then said, and I will take the liberty of extending that at this time.

The CHAIRMAN: Gentlemen, we are discussing one of the things that your steering committee suggested we look into. Item (c) of the minutes of proceedings of Wednesday, August 6, 1958 says:

(c) the suggested adoption of the practice of having the revenue from the Services taken into the calculations when preparing an estimate of expenditures,—

Mr. BELL (Carleton): Is the Auditor General going to read this statement?

The CHAIRMAN: I think so.

Mr. SELLAR: Mr. Chairman, before I read the statement may I say that I have used two illustrations and selected them very deliberately because it would be contrary to the will of many of the members that any action be taken to raise fees in respect of these two. In other words, I wanted to make it as hard as possible on myself in order to justify my case.

1. The proposal is that, in suitable circumstances, votes include estimated future revenues for services performed. The proposal is not novel; it has been standard practice in some countries for many years. Moreover, it is employed, sometimes without clear authority, in connection with some of this Parliament's votes. An example is to be found on pages ZZ-4 and 5 (Veterans Affairs) in the 1957 public accounts.

2. The plan was considered and rejected some years ago by the public accounts committee and it would not be brought up again were it not that subsequently this was enacted:

18. When a service is provided by Her Majesty to any person and the Governor in Council is of opinion that the whole or part of the cost of the service should be borne by the person to whom it is provided, the Governor in Council may, subject to the provisions of any Act relating to that service, by regulation prescribe the fee that may be charged for the service. (Financial Administration Act)

3. The proposal is founded on the consideration that, as an estimates' item may be reduced only by the government of the day being voted out of office, theoretical considerations should give way to the practical. That is to say, a

vote of non-confidence being a remote probability, it is desirable that parliamentarians have the protection of a practice that tests, by publicity, need for services and the degree of efficiency in performance by correlating revenues and costs.

4. A second reason is the desirability of being able to satisfy taxpayers generally that their tax payments are not being used to relieve others of costs they should be prepared to pay. An alternative way to put this might be to say that an aim is to make departments 'revenue' minded; currently their concern is limited to the question. How much can we persuade our minister and the government to vote?

5. A third reason is that it seems reasonable, when a commercial service is involved, that servicing staff establishments be kept in a fluid state, that is, employment should depend on productive need. The reference will be to the accounts of the board of grain commissioners because on page Y-36 of the 1957 public accounts it is noted:

Costs of the various services provided by the board have been rising constantly but the fees charged for these services have not been revised since 1949. Consequently the excess of expenditure over revenue has been increasing and in each of the last three years has exceeded \$1 million.

To illustrate the foregoing, a table of revenues and expenditures in the past five years is now given:

<i>Year</i>	<i>Service Revenues, etc.</i>	<i>Total Expenditures</i>
1953	\$3,717,100	\$3,367,300
1954	3,318,200	3,506,100
1955	2,429,500	3,552,100
1956	2,330,400	3,616,700
1957	3,038,900	4,084,200

6. Whether any change should be made either in rates or in employment practices is a question of public policy. For present purposes what is noted is that now buried are such things as that it cost approximately 90.5 cents to earn a dollar of service revenue in 1953 and in 1956 around \$1.55, due to the fact that while revenues have fluctuated, expenditures annually increase, with salary and wage costs now representing almost 90 per cent of the commissioners' expenditures.

7. The proposal has many ramifications and at this stage of the session it is hardly to be expected that the public accounts committee will have either the time or the inclination to delve into such matters as: (a) what services lend themselves to such treatment, (b) how to finance costs before moneys are received, (c) the application of excess revenues and (d) safeguards the House of Commons should have to preserve control over consolidated revenue fund. But, if the subject be of interest, the committee might indicate the data, etc., it desires to be laid before it during the next session of parliament.

What I mean by that, sir, is that you have a question of tremendous dimension which spreads in all directions and you do not want to make a snap decision.

Mr. WINCH: Would you also agree—Mr. Chairman, I am speaking to Mr. Sellar—that the principle is right, which is used I gather in some provinces, that everything is put in the estimates, and that the revenue from those same departments is also put in so that the vote is then a clear one? Do you agree with that in principle?

Mr. SELLAR: Yes.

Mr. WINCH: Do you think, as Auditor General, that should be the principle applied in respect of the accounts of this federal government?

Mr. SELLAR: I have always favoured it. The Department of Finance has not seen eye to eye with me. You and I cannot get into an argument on that.

By Mr. Bell (Carleton):

Q. To what extent does Mr. Balls feel prepared to comment on the Auditor General's statement?—A. Mr. Chairman, may I say first of all that this is a very large and extremely complex question. There are certainly many advantages that would be derived from the adoption of that suggestion of the Auditor General. It does, however, raise some serious problems, and I think also would create some disadvantages, particularly from the standpoint of members of parliament.

As Mr. Sellar has indicated to you, this matter has been before previous public accounts committees, the last occasion of which I am aware was in 1950.

Mr. Chairman, with your permission, I might quote from the report of the committee at that time. This will be found in the minutes of proceedings and evidence No. 25 under the date of June 16, 1950 at page 951.

Your committee agrees with the view expressed by the Auditor General that 'parliament might be in a better position to evaluate the necessity of various estimate items where service income directly associated with expenditures resulting from performing the services'. It does not consider, however, that the appropriation, in the case of revenue producing services, should be for the deficiency between cost and income and agrees with the treasury officials that the difficulty in forecasting revenues for such services, from year to year, might result in less satisfactory pictures being given to parliament of the net appropriation needed by a department. Your committee feels that parliament can secure a more effective control by voting the gross amount needed by these services; but it is of the opinion that when any given service is revenue producing the revenue figures for the past year might be supplied in the estimate book so that parliament may have an opportunity to see the net cost of that service for the preceding year.

This was the recommendation of the Public Accounts Committee in 1950. You can see, from what I have quoted, the basis on which the committee reached its opinion.

There are one or two other aspects of this problem. One is from the administrative standpoint that it is more difficult to estimate a net figure than a gross figure. When you are estimating a net figure for an expenditure for a service you have two factors to estimate; first of all, the gross expenditure, and I should think, Mr. Chairman, that that is a figure of primary concern to members of parliament.

By Mr. Winch:

Q. Will you explain that? Why is the gross the primary concern? Is not the net the primary concern?—A. I think the disbursement from the consolidated revenue fund is of concern.

Q. You said the gross is of primary concern. Is it not the net expenditure which is of primary concern?—A. Of course, I cannot speak for members of parliament. My view, in a matter of controlling expenditures, is that the gross expenditure is a matter of concern. Certainly from the standpoint of the Department of Finance it would be a matter of considerable concern.

Q. Irrespective of the revenue? I just want to point out, are you saying, as members of the House of Commons, we are only concerned with how much we are going to spend and not how much we get back?—A. No, sir. My suggestion is that the gross expenditure is of concern as much as the net, and from the standpoint of the consolidated revenue fund the gross figure is a most important one.

Q. As an important member of the Department of Finance, will you tell me where we find the revenue? That is not in our estimates; it is only our expenditures.—A. May I call your attention to the estimates. Following the report of the Public Accounts Committee of 1950, the practice was adopted of including in the estimates the figures for the revenue for the preceding year with respect to each service so that the information is available to members of the house when they come to consideration of the expenditure for the service.

I have before me the estimates for the year 1957-58. In view of the fact that Mr. Sellar has called attention to the accounts of the Board of Grain Commissioners, I have turned up the details of the services in connection with the expenses of the Board of Grain Commissioners.

By the Chairman:

Q. Where does it appear?—A. At page 528 of the main estimates for 1957-58. At the end of the detailed figures in connection with the Board of Grain Commissioners' expenses is a statement showing a summary of the expenditure for the fiscal year 1955-56, with the actual revenues for that year shown beside it. In addition, there is an estimate of the revenue for the year 1956-57, actual, for the period from April 1 to December 1, 1956, and an estimate for the remainder of the year. Thus members have before them the amount of the revenue in connection with that particular service.

By Mr. Winch:

Q. Was the ~~vote~~ on the revenue?—A. This particular vote for the year 1957-58 was for \$1,349,353.

Q. But not taking into account the revenue?—A. Not taking into account any revenue, but hon. members do have the amount of revenue to be received in connection with that service. The estimates show the fact that in 1955-56 \$1,741,874 was actually collected, and it was estimated for the year 1956-57, which is not the year for which those estimates are submitted, but for the preceding year, that the revenues will be \$1,761,831.

Q. But, Mr. Chairman, our vote on the estimate is the entire cost irrespective of the total revenue?—A. Yes. The vote is for the gross amount; but to enable members to form some judgment as to the amount of revenue which may be expected, the estimated revenue for the preceding year and the actual revenue for the year preceding that is given in the estimates.

Mr. WINCH: May I ask Mr. Sellar this question: your proposal, as I understand it, is that it should be on the anticipated expenditure?

Mr. SELLAR: Yes. I can see Mr. Balls' argument; it is a sound argument, but it is an administrative argument. I am thinking in terms of the taxpayer and that if you had some other scheme, then the administration has to give the taxpayer a run for his dollar.

Mr. BELL (Carleton): Would you explain how the taxpayer is affected by that?

Mr. SELLAR: If the department had to raise the revenue to finance its services it would not overstaff. Staff is the big item in cost in government. The Board of Grain Commissioners, for instance, have held a large staff all along regardless of the size of the crop, and that is there year after year. If they had to depend, for the money to pay for that staff, on the revenues which they raised, they would keep their staff in a more fluid condition. I am not attempting to knock the Board of Grain Commissioners; they are a good group of people. I use them as an example. Mr. Balls referred to the Board of Grain Commissioners. I can counter with, how does he explain their treatment of the operation of the Department of Veterans Affairs where they automatically take off \$6 million.

Mr. WINCH: How?

Mr. SELLAR: I do not know.

Mr. WINCH: You have to authorize it.

Mr. BELL (Carleton): No.

Mr. SELLAR: They are doing on page ZZ-4 and ZZ-5 exactly what I am recommending. They are showing the net appropriation. The estimate is \$48,809,000 less \$6,606,000, which they expect to recover. Now \$42,202,000 is what they are asking parliament to vote. That is what I want.

Mr. WINCH: How long have you been Auditor General, Mr. Sellar?

Mr. SELLAR: Since 1940.

Mr. WINCH: And before that you were in the department?

Mr. SELLAR: I was the comptroller of the treasury.

Mr. WINCH: Is it your opinion, as Auditor General, that this change should be made?

Mr. SELLAR: Yes. I would like to see it made; but I am not going to be dogmatic. There are two sides to every question and sometimes six. In this case there are clearly two.

Mr. WINCH: But, as Auditor General, you think this change should be made?

Mr. SELLAR: Yes; but I will not shut my eyes to the fact that there is an alternative argument. I claim that this committee should have the benefit of arguments on both sides before they consider any change.

Mr. McGEE: Are we not coming to the nub of the whole problem of government spending? Where the control which is exercised in private industry is motivated by a desire to produce a profit, there is no equivalent criterion in government spending. You have such nebulous things as public good, and other factors, coming into it.

Mr. SELLAR: Yes, Mr. Chairman, bearing in mind that there are some things which you cannot treat in that way; the ordinary routine of government does not lend itself to it. But where you have a semi-commercial, or commercial activity, I would like to see it brought into the position that you suggest.

Mr. McGEE: Subject to the same criteria as business?

Mr. SELLAR: Yes.

The CHAIRMAN: You recognized that at the bottom of page 1 when you said in part:

... an aim is to make departments 'revenue' minded; currently their concern is limited to the question: how much can we persuade our minister and the government to vote?

Is that it?

Mr. SELLAR: Yes.

The CHAIRMAN: Mr. Balls wanted to complete his statement.

By Mr. Winch:

Q. As far as you are able to say, do you think there will be any major objection in the Department of Finance to the acceptance of the recommendations of the Auditor General?—A. May I say, in respect of Mr. Winch's question, that I have indicated one factor in respect of the problems that would be created. We have, following the recommendation of the committee, adopted a method which I think is something in the nature of a compromise going as far as seemed proper. When I say "we" I am not speaking of the officials in the Department of Finance. This was my understanding of what the Public Accounts committee agreed should be done in providing this information for members of parliament.

There are other aspects of this question of appropriation in aid, which is what I understand the Auditor General has in mind. In essence, my understanding of this proposal is that parliament should be asked to appropriate a specific net amount of money from the consolidated revenue fund for a service and, in addition, provide a supplementary authority to spend as an appropriation in aid for the service the fees and miscellaneous revenues received in connection with the service up to a specified maximum. This, in the first place, would present problems of estimation. You have two factors to estimate; one, the gross expenditure and, secondly, the amount of revenue you may derive from the services.

Q. Estimated, of course?—A. Yes. And your estimates are more difficult to make. A revenue estimate is more difficult, normally, to make than an expenditure estimate. For that reason the net appropriation is going to be a more difficult administrative problem.

Secondly, there is another problem which would arise as a result of the adoption of this proposal. Under our system of financial control which is different in this respect from that in the United Kingdom where the appropriation in aid system is in effect—

Q. Or in British Columbia?—A. Yes. We do use what we call a system of commitment control. This is a control of contracts which may be let during the fiscal year. The comptroller of the treasury is directed to ensure no contract is entered into for any payment of public money unless he is able to certify that there are sufficient funds in the appropriations for that service available to cover payments that will come in course of payment during the fiscal year.

With an appropriation in aid scheme where the total amount available is subject to the amount of revenue which might be received, the commitment control procedure, which is required by statute and which parliament has required under the Financial Administration Act, would be very difficult to work if it would not prove to be unworkable.

Q. I am most interested, Mr. Chairman. This is the system in Europe, in the United Kingdom, I believe, and it is certainly the system in British Columbia. Do you say that in the United Kingdom where you have got—what, 45½ million population, and British Columbia ½ million population, and other countries where they have a system where the people know the exact amount they can spend because the revenue is taken into consideration—do you not say it is possible on a federal basis?—A. I do not think I said it was impossible. I was suggesting some of the difficulties that would be raised. The Auditor General has suggested some of the advantages of the system. Earlier in my evidence I indicated this was a very large and complex question, that there was much to be said in favour of the proposal, but that there was also much to be said against it.

Q. It is done in the United Kingdom, is it not?—A. That is correct. I was pointing out, sir, that in the Canadian system of financial administration, there is a system of commitment control which is not present, as I understand it, in the United Kingdom, and that this system which has been required by parliament and which has been introduced for a measure of greater protection of the consolidated revenue fund would prove, I fear, unworkable or certainly very difficult to work if the appropriation in aid device were introduced generally for all appropriations.

Q. Could I ask then, if it is workable in the United Kingdom and is workable in three provinces of Canada, why do you say it would be in your view unworkable on the federal aspect? It is workable in the United Kingdom, it is workable in three provinces of Canada. Why do you think it is unworkable on the federal aspect of our finances?—A. Mr. Chairman, in reply to Mr. Winch's question, again I can only reiterate that I feel that there is

an essential difference in our system of financial administration in that we have introduced in accordance with the direction of parliament a system of commitment control which requires that no contract be entered into in a fiscal year which requires payment in that fiscal year unless the comptroller of the treasury can certify that there are sufficient funds in the appropriation available to make payment in that year.

Q. I did not want to get into an argument but now I will have to. You have that system in the United Kingdom and you have that system in three provinces of Canada—I only know of one particularly and that is the province of British Columbia where I was for twenty years—and their vote is on every vote right down the line to the last stenographer, is it not?—A. Correct.

Q. So, the entire vote is, let us say it is \$2 million, but they anticipate a revenue of \$10 less. So the vote is \$10, but their expenditure is completely allocated and allowed for \$2 million. Why could that not work as it does in the United Kingdom and British Columbia?

Mr. BELL (*Carleton*): He has just told us twice.

Mr. WINCH: I have not got it right yet.

Mr. BELL (*Carleton*): I do not think the witness should be asked to go over and over the same testimony, Mr. Chairman.

The WITNESS: Mr. Chairman, I must apologize if I am not able to express my views clearly.

The CHAIRMAN: You are doing very well.

By Mr. Drysdale:

Q. Are you not saying in effect that it is difficult to guess at what the revenues are going to be?—A. It is more difficult to estimate revenues.

Q. That is all it comes down to?—A. That is one aspect of it, and there is this element of controlling commitments or undertakings to make payments. Under our Canadian system, Mr. Winch, we cannot enter into contacts without the certificate of the comptroller of the treasury that funds will be available in the appropriations for the fiscal year in which the contract is made. This certificate from the comptroller can always be given clearly and readily because he has a basic appropriation figure today to work to. If he knows that parliament has appropriated \$1 million for a service he will register against that appropriation any amount payable or to be paid under contract so that at all times he knows the amount of the uncommitted balance of the appropriation.

When you have to introduce another factor into, whereby the amount available in the appropriation is (a) an amount that parliament has appropriated, and (b) in addition to that an amount that has already been received during the course of the fiscal year, or may be received during the balance of the fiscal year, you have an indefinite amount. The comptroller by reason of this fact would find some difficulty in giving his certificate that funds would be available.

Q. Would it be intended that this system would apply also to departments that were not revenue producing?—A. If there was no revenue I would assume that the gross expenditures then would also be the net expenditures.

Q. When it would be rather difficult to ascertain—I am having trouble thinking of an example—when it would be difficult to ascertain any specific revenue where perhaps you might be providing service, is that one of the objections to the system, that it would not be universally applicable; in other words, that you would have to guess at the revenues, and there would be no way of certifying as to whether theoretical revenue was in relation to actual revenue?—A. And estimates might prove to be considerably different from what you realized in actual collections.

Mr. WINCH: I do not see that at all. I have got right here the statements of British Columbia. The physical vote is \$10, but they approve perhaps \$2 million or \$3 million, and the comptroller can authorize that expenditure.

Mr. DRYSDALE: Is that done with every department?

Mr. WINCH: Those that have revenue. Yes, I have this right here and the comptroller out in British Columbia, of course, is the secretary and treasurer.

Mr. DRYSDALE: Then you limit it to just revenue departments?

Mr. WINCH: Oh yes.

Mr. DRYSDALE: I was not clear on that point.

Mr. WINCH: No, revenue departments only.

By Mr. Winch:

Q. So the taxpayers know exactly how much is going to be spent. It is unfair to say in a department of the federal government that you pay \$50 million when you have \$40 million in revenue. The expenditure is not \$50 million, it is \$10 million. It is not \$50 million, it is \$10 million.—A. Well, Mr. Chairman, in regard to that, of course, if their expenditures were \$50 million and the revenue was \$40 million, this would still be brought out in our system of accounting though I grant you we would show on the one side of our books the expenditures in gross and on the other the revenues but the net result would be the same.

Q. You show \$50 million, that is all there is to it. Why not?—A. That is what parliament would be dealing with in its estimates. That would be quite right.

The CHAIRMAN: Are there any more basic questions? We meet tonight. I am prepared to sit until six but—

Mr. WINCH: Has there been any discussion yet, while the man from the treasury is here, on this complete business of transferring of moneys between posted and authorized by parliament? To me it is a very important question.

The CHAIRMAN: I do not quite understand your question. Would you explain it to me again?

Mr. WINCH: Under public accounts we believe that certain money will be spent as capital expenditures all across Canada. Members ask questions on that and they are told by the Minister of Public Works "O.K., there is \$1 million here, \$2 million there", and in the report of the Auditor General he throws out that—although that is done in the House of Commons—that then by a treasury order it can be cut out of expenditures anywhere at all can be transferred to one or other spot in expenditures; this I think is a rotten procedure, and I believe that was in the mind of the Auditor General.

Mr. SELLAR: I have mentioned that before. That is in the vote of parliament. If parliament wants to change it, all they have to do is delete this particular wording.

Mr. WINCH: After reading your report I take it from yourself as Auditor General that you do not believe that is right?

Mr. SELLAR: No, I do not like it.

Mr. WINCH: That when members of parliament are given some idea and vote money that then it should not be the right of the treasury board to cut out what has been decided in the House of Commons and transfer it as long as they stay within the upper limits.

Mr. SELLAR: To refresh the memories of the committee, this subject came up in connection with a building you have heard about—the printing bureau—and I pointed out that in 1953 \$2,750,000 had been voted by parliament for

that building and that \$5,208,000 had been spent and that in the public accounts before you this year parliament had voted \$400,000 for it but \$802,000 had been spent.

That is what you are referring to, is it not?

Mr. WINCH: I understand from you that they did not exceed the upper limit but they took the money from where they said they were going to spend it and put it somewhere else after the House of Commons was through?

Mr. SELLAR: Precisely, and they did it under this wording in the Appropriations Act:

Construction, acquisition, major repairs and improvement of any plans and sites for public buildings listed in the details of the estimates. Here are the important words—

... provided the treasury board may increase or decrease the amount within the vote to be expended on individual listed projects. That is what you are referring to.

Mr. WINCH: I am referring to the fact that after members of the House of Commons ask questions, as long as they do not go over or above the entire amount they can then switch anything they want and put the money anywhere they want?

Mr. SELLAR: So long as it is for projects named in the estimates.

Mr. WINCH: But they can take it from any other project and do nothing there?

Mr. SELLAR: Yes sir.

Mr. WINCH: Irrespective of what the members of the House of Commons thought it was for?

Mr. SELLAR: That is correct.

Mr. WINCH: I understand from my reading of your report that you think it is the wrong principle, that if the House of Commons is given to understand what the commitment is it should not be transferred.

The CHAIRMAN: Are there any further questions, gentlemen?

Mr. WINCH: How about that one?

Mr. SELLAR: In answer to you, sir, I quite agree with you, but you have government policy against the interests of members of parliament. Government policy may be that for one reason or other they will proceed with one contract faster than another and they need the money to finance it and they do it without supplementary estimates. That is he jusification for it. I do not agree with it, but it has been in effect since 1951. I think it should be discontinued, but I am just an official.

By Mr. Winch:

Q. Would you have any comment on that, Mr. Balls?—A. All I can say in reply to Mr. Winch is that this is, as the auditor general has indicated, a matter of policy. I would hardly think it proper for a civil servant to comment on it.

Mr. McGEE: Shall we adjourn?

Mr. DRYSDALE: I second the motion.

The CHAIRMAN: Agreed. We are meeting tonight at seven o'clock, gentlemen.

Thank you, Mr. Sellar and Mr. Balls for attending our meeting.



HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

**Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon**

THURSDAY, AUGUST 28, 1958

WITNESS:

Mr. Ernest Cormier, Architect, Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA 1952

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Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

THURSDAY, August 28, 1958.
(19)

The Standing Committee on Public Accounts met at 9:30 a.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Benidickson, Bourget, Bourque, Campbell (*Stormont*), Campeau, Carter, Cathers, Chevrier, Coates, Crestohl, Doucett, Drysdale, Fraser, Grenier, Hales, Hanbridge, Hardie, Keays, Macdonald (*Kings*), Macnaughton, MacRae, Martel, McGee, McGregor, McMillan, Morissette, Morton, Murphy, Nasserden, Nugent, Pickersgill, Pratt, Spencer, Stewart, Villeneuve, Winch, and Wratten—39.

In attendance: Mr. Ernest Cormier, Architect; and his counsel Mr. F. P. Varcoe, Q.C., *From the Department of Public Works*: Major General H. A. Young, Deputy Minister, and Mr. J. O. Kemp, Contracts Division, Building Construction Branch.

The Committee continued its consideration of the costs of the construction of the National Printing Bureau.

Mr. Cormier was further questioned.

Agreed,—That complete plans and the related specifications and drawings covering the 6 contracts be tabled and identified as follows:

Exhibit No. P-18—Contract No. 1 and related Plans and Specifications (Contract, specifications and 1 drawing);

Exhibit No. P-19—Contract No. 2 and related Plans and Specifications (Contract, specifications and 1 drawing);

Exhibit No. P-20—Contract No. 3 and related Specifications (Contract and specifications);

Exhibit No. P-21—Contract No. 4 and related Plans and Specifications (Contract, specifications and 15 drawings);

Exhibit No. P-22—Contract No. 5 and related Plans and Specifications (Contract, specifications and 13 drawings);

Exhibit No. P-23—Contract No. 6 and related Plans and Specifications (Contract, specifications and 46 drawings).

Agreed—That these documents, which are to remain the property of the Department of Public Works, be set out for inspection in the offices of that Department, but that they be available in the Committee room at each meeting.

A suggestion, that the witnesses before the Committee should be examined under oath, was referred to the Steering Subcommittee.

At 11.00 a.m. the Committee adjourned until 9:30 a.m. Friday, August 29, 1958.

E. W. Innes,
Acting Clerk of the Committee.

EVIDENCE

THURSDAY, August 28, 1958.

The CHAIRMAN: Gentlemen, we have a quorum. This morning I suggest that the procedure be Mr. Bell replacing Mr. Walker who is ill in bed with the flu, and then Mr. Chevrier. The witness, of course, is Mr. Ernest Cormier, architect.

Mr. CHEVRIER: Mr. Chairman, will you please in your next telephone conversation with Mr. Walker express our regrets and hopes for a prompt recovery.

The CHAIRMAN: Yes sir.

Mr. BELL (Carleton): He has a very severe case of the flu. Mr. Winch has succeeded in infecting all the members of the committee.

Mr. PICKERSGILL: Not all of them.

Mr. WINCH: I am glad I am of some use around here.

The CHAIRMAN: Mr. Bell?

Ernest Cormier, (Architect and Engineer) called.

By Mr. Bell (Carleton):

Q. Mr. Cormier, I would like to refer first to a couple of matters which were referred to in your examination last night by Mr. Walker. You then placed on the record the documents showing the area of your disagreement with Mr. Powers?—A. Yes.

Q. In each case of disagreement did the department overrule Powers and accept your advice?—A. No, it was Powers that accepted. He realized that he was wrong.

Q. Powers accepted your advice?—A. There was no other final acceptance of it, but he yielded when I related that to Mr. Murphy.

Q. And your advice in respect of each of these matters was accepted?—A. Yes.

Q. And the responsibility for proceeding as it did is yours?—A. Yes.

Q. Is it not true, Mr. Cormier, that there was a constant conflict between Powers and yourself from the very outset?—A. Oh, not at all; we worked hand in hand.

Q. You worked hand in hand?—A. Oh yes, the dealings were very pleasant all through.

Q. That continued at all times?—A. Yes.

Q. The disagreement was purely on matters of principle?—A. Yes, he was trying to regain the areas that he had lost by the first interview with Mr. Murphy.

Q. What were those?—A. Well, the set backs. He had a real box with no set backs and Mr. Murphy wanted to reduce the expenses. He said: "You will have to cut that out". We cut it back and I approved it because it improved the appearance of the building. I proved to him after his criticism—you will see if you look at my plans—and in every case where he said I had reduced the areas I increased each area a few hundred feet. That is the gist of what was read yesterday.

As to the architectural point of view he is no judge of that matter at all; I am one.

Q. You took the attitude with Powers that he was a technician dealing in a field of beaux arts?—A. That is right.

Q. One or two questions further in connection with the air conditioning which was up last night?—A. Yes.

Q. Do I correctly understand the burden of the evidence that you gave to be this, that had you not been overruled by Mr. Murphy, the air conditioning system would be operating to full satisfaction today?—A. I would not call that overruling.

Q. What would you call it?—A. He said he wanted to delete all that could be deleted from the call of tenders due to the uncertainty of public tenders. If the public tenders were reasonable, a second unit was to be put in, air filters were to be put in; but if we did not have the money for it, we would have to do without it.

By Mr. Winch:

Q. I am sorry; I understood you to say last night that in order to meet requirements laid down by Mr. Powers you had to have the two units, but you were instructed—A. No, the recommendation of Mr. Powers was 80 degrees dry bulb, and 55 per cent relative humidity, that was all.

Q. I understood you to say last night that that could only be achieved if you had the two units?—A. For 92 degrees, the highest temperature ever recorded in Ottawa. But that happens once in ten years perhaps.

By Mr. Bell (Carleton):

Q. But your advice was that two units be installed?—A. Yes.

Q. And in respect of that Mr. Murphy overruled you?—A. I do not know if he overruled me. I sent requests to the department all the time and they are registered in Mr. Mills' letter in the evidence.

Q. You are telling us your advice in that respect was not accepted?—A. No, was not accepted; so that the amount of refrigeration is exactly half what I wanted.

Q. It is exactly half of what you had advised?—A. Yes.

Q. And you say it was the department that took that position?—A. That is right.

Q. You say it was because of the uncertainty in respect of the tender call?—A. Yes.

Q. What do you mean by that?—A. Well, I will try and find you here the study of all the tenders. In some cases I got tenders at 253 per cent of the lowest. That is some uncertainty.

Q. I am not interested in the highest tender; I am interested in the lowest tender. That is the only one that is important, is it not?—A. No, the two of them. It means that contractors, specialists performing any work have a different opinion of what the cost would be.

Q. Do I understand you to say that the department decided to call the tenders on the basis of the one unit only, believing that if the tender was sufficiently reasonable they would then add a second unit as an extra?—A. That is right.

Q. That was the procedure that was being adopted?—A. Yes.

Q. Call at less and add something as an extra?—A. If the money is available.

Q. I would like you to answer this question very deliberately and very specifically if you would, Mr. Cormier, because I may tell you I intend on another occasion to call expert testimony on the subject. Do you state to the

committee that the system as designed by you is a completely adequate air conditioning system in all particulars, and one which would operate to the full satisfaction of the specifications as laid down?—A. Yes.

Q. You say that that is so?—A. Yes.

Q. And that is your considered opinion, and that is despite the actual conditions which have been experienced in the operation?—A. Certainly.

Q. Now, Mr. Cormier, on what date did you deliver to the department the last of the complete plans and specifications for the whole building?—A. I do not know if I have got the record here. I did not feel that I would have been asked these questions at this meeting. I did not bring my twelve filing cabinets.

Q. Let me put it to you this way: When did the department first have in its possession all the plans and specifications which, if they had decided to do so, would have enabled them to call tenders for a single contract for the whole building instead of six contracts?—A. I would say about—this is from recollection—Perhaps I might find it if I had time to go through all the documents, but I would say about a week before calling for tenders.

Q. On the final contract?—A. Yes. I made deliveries in two steps—one, a certain number of drawings. I have got a record of that—and 31 parts of the specifications. That was to enable them to start their studies; and a few other documents were delivered, I think, three or four days later. That is my recollection. They would have the complete documents at least perhaps fifteen days, at least a week before calling tenders.

Q. Well, say fifteen days before calling for the tenders on contract number 6?—A. That is right.

Q. That would be about the first of September of 1952?—A. Yes.

Q. You delivered the complete plans and specifications?—A. If it is important in your argument, give me the time to find the exact dates. I am talking from memory.

Q. All right, take the time.—A. I may have that information right here.

Q. I am quite satisfied with the fifteen days if it is not unfair to you?—A. Well, it all depends what will be the consequence of your reasoning. I do not know what you are intending.

Q. I am simply trying to get facts.—A. The fact is they had 46 plans on this part and the specification. That is what they got when they called for tenders.

Q. Are you satisfied that your final plans and specifications were delivered to the department on the first of September 1952?—A. It depends what date the tenders were called.

Q. You just indicated they were called on September 17.—A. Here, I have got something.

Final plans sent to Department of Public Works August 26. Am waiting for their minimum wage schedule to send the specifications. But on August 5, 31 drawings were sent and 24 sections of the specifications, and a few days later the 16 remaining sections. That was August 5.

By Mr. Chevrier:

Q. What did you send on August 5 again?—A. Thirty-one drawings and 24 sections of the specifications. In volume it is about that compared to this. (demonstrating)

By Mr. Bell (Carleton):

Q. I want to know when the final documents were sent so that a tender call could be sent out by the department—about August 26?—A. But that is

different. On August 26 I sent bound copies of the 46 plans and approximately 30 or 40 sets of them, all bound copies. Only to have them bound at the printers will take days for this.

Q. Could you identify what you mean by "this"?—A. The specifications for the completion of the national printing bureau. It took a few days to get it bound.

Q. Well, this must be bound and completed before tenders can be called?—A. Yes.

Q. That is what I wanted to know. So the date you say was August 26, 1952, that is the first date?—A. They had everything in hand to call for tenders.

Q. So the department could call for tenders?—A. That is right.

Q. And you had been appointed, I think, on May 26, 1948?—A. Yes.

Q. So to produce those final plans and specifications took approximately 4½ years?—A. Yes, but I produced a lot of others in that time.

Q. The first occasion on which the department was in a position for calling for a complete overall contract was August 26, 1952?—A. Yes.

Q. During these negotiations, with whom in the department were you consulting principally—with the honourable Mr. Fournier, Mr. Murphy or Mr. Brault?—A. With Mr. Brault and with Mr. Gardiner.

Q. Did you have consultations with others in the department?—A. Not consultations.

Q. Meetings?—A. Meetings, yes.

Q. For what purpose?—A. There was Hamel for the mechanical portion, there was Sterling for the electrical, and very often Kemp for estimates.

Q. Then, Mr. Cormier, I want to turn your attention specifically to contract number 2, which is the contract for foundation, piers and footings?—A. Yes.

Q. Will you tell us just when you delivered the complete plans and specifications for that contract?—A. I have not got a record here.

Q. Would it be shortly before the date of the tender call?—A. Oh yes.

Q. The tenders were called on October 20?—A. We can see by the date on these plans.

MR. CHEVRIER: I think, Mr. Bell, if I may be allowed, I put in evidence the preliminary drawings two days ago, and the date.

MR. BELL (Carleton): I appreciate the preliminary drawings. I want to know about the final plans and specifications.

The WITNESS: Did you want the date of it?

By Mr. Bell (Carleton):

Q. The date on which the final plans and specifications were submitted. We have had a lot of confusion between preliminary plans and final plans and specifications.—A. I will get the answer—October 17, 1949.

Q. And then the department called tenders on October 20, 1949?—A. Yes.

Q. Immediately after receiving them?—A. Yes.

Q. What date did you deliver your estimate of the cost and what was your estimate of the cost?—A. The estimate is dated November 5, 1949.

Q. That is four days before the tenders were received?—A. That is right.

Q. And what was the estimate?—A. \$204,730.

Q. \$204,700 and?—A. And \$30.

Q. And the lowest tender on that was \$154,000, is that correct?—A. Yes.

Q. Now then, Mr. Cormier, on this contract for \$150—A. Why do you not take into the record also the cost of the work when it is finally executed—\$241,989.27?

Q. Yes, I am going to do that because—A. My estimates are always trying to cover the expense.

Q. You make your estimates on the basis of the inclusion of extras, do you?—A. Not necessarily extras—additional work sometimes, and I always leave a margin so the department will have funds to pay for the work.

Q. I see. You leave a margin?—A. Yes, certainly.

Q. So you did not make an estimate in accordance with the plans and specifications which you filed with the department?—A. No, there is too much difference between the lowest and highest bidder, and I do not know which would be accepted. Perhaps the lowest would be refused entirely on account of not having deposited his cheque or not being financially responsible to do the job.

Q. Was the practice of the department to reject the lowest tender and take the highest?—A. No.

Q. I do not think so.—A. No, but the lowest has been refused—I think so.

Q. Well, I want to get on the basis, if I may, of what your estimate is. You say that you put in your estimates something to cover all possible contingencies, and that it is not an estimate that has any relation to the plans and specifications you filed with the department?—A. I never said that.

Q. What did you say?—A. I said when there is the possibility of additions made to the cost of the work—that was the case of the foundation; that was the case of the excavation—

Q. We know it was the case in other contracts, Mr. Cormier; we do not need to argue that point.—A. So much the better. So that you had money to make the work. The reverse would have been very bad.

Q. What reality, then, are we to attach to the estimates you give?—A. Well, it is a provision to cover an expense.

Q. Let me ask you this: is it any assistance to the department in testing the validity of the estimates which are granted on the basis of the plans and specifications you prepared?—A. That I do not know.

Q. You do not know?—A. No; but what I know is I was given as an example an accurate estimate, and the department never got better estimates than mine; and very often the architect—

Q. I do not know that you could give testimony on that.—A. You can get them, if you want them.

Q. There might be a better witness than you on that subject.

Mr. CHEVRIER: Mr. Bell, do not argue with the witness.

Mr. BELL (Carleton): I am not arguing with the witness; I am keeping him from arguing with me.

By Mr. Bell (Carleton):

Q. What I want to know—first, will you tell me the purpose of an estimate given by an architect?—A. To prepare the client for having the money necessary to do the work.

Q. Has it any thing to do with enabling the client to test the validity of the tenders which have been received?—A. Yes, but you see these tests are bad because in the case of Miron, who gave an extraordinarily low bid. If my estimate had been used in the manner prepared by you, Miron would have been out of the running entirely, although he was the best contractor to have on that job. You cannot rely on your method at all.

Q. I am not interested in Miron; I am interested in this point. If you stay with the point and answer the questions, we will get along very famously. I want to go back and ask you again: is it not a fact that the estimate is intended to test the validity of the tenders which are received?—A. Partly so.

Q. Well, how can you test the validity of such tenders if your estimate is on a basis entirely different from the plans and specifications upon which the bid has been made?—A. Because that is not the full intent of the estimate. It is not only to test the validity, but it is to secure the appropriation to execute the work; there are contingencies every time.

Q. Then in each case when you made an estimate of these you were aware of the fact there were going to be very substantial extras?—A. No, no, I was not aware.

Q. Why did you make them?—A. I took precautions; that is all. Even if the estimate had been figured very very close, I would certainly at least add 10 per cent for unforeseen contingencies; and in some instances 10 per cent is not enough. I have to use my judgment.

Q. Well, on this contract for \$154,000 there were extras which amounted to \$87,989.27?—A. That is—

Q. Why were these extras, Mr. Cormier, not foreseen when you delivered your final plans and specifications for this contract, and why did you not put them in these plans and specifications?—A. That is on foundations, is it not?

Q. We are talking about contract No. 2, foundations, piers and footings.—A. Well, there was additional work. There was 1,240 cubic yards of concrete, 23,000 square feet of forms, and an additional 204 cubic yards of rock excavation for the deepening of the sump pit. Now, all these extras were the result of not finding the bed-rock at the physical appearance of solid rock. My inspector on the job made the contractor go down deeper. He said "I do not accept this at bed-rock; you must take 2 feet 6 inches, or 18 inches, out of that, to reach solid rock, and we drilled holes and found it was rock and not boulders.

Q. And that you say is why these extras were not foreseen at the time?—A. They could not be; only God could tell you.

Q. Well, you foresaw them when you made your estimate?—A. No, I made a margin for it; and it is not big enough.

Q. How much of a margin did you put in your estimates?—A. I do not know; it varies. When I think something is apt to have contingencies, I increase that. And when it is—for instance, reinforced concrete—I know I do not have much to add to it. It is very dangerous to apply a ruling blindly, whether it logically applies or not.

Q. I want to be completely fair on this. There was one aspect which mystifies me and perhaps you could help me on it. If you had been completing a building like this for a private client, what would have happened—because a private individual could not have afforded these extras?—A. They were not extras; they were additional works and additional to the program—just for the improvement of the site. There were eight additions of plans on that—all due to the whims of the Federal District Commission.

Q. Whims?—A. Yes.

Q. I did not know the Federal District Commission were guilty of whims?—A. If I talked in French, I would be able to give you the right word, but I am talking in English. You can attack me on that all the time. You try to do in French what I am doing in English, and we will see.

Q. You are doing exceedingly well.—A. And I could do just as well in Italian.

Q. There has been some of the evidence I could have understood better in Italian.—A. Perhaps, but you have not the training for technical work like that.

Mr. SPENCER: He prefers to speak in English.

Mr. CHEVRIER: That is not right, Mr. Spencer.

Mr. SPENCER: Yes, he explained in his evidence before that he would like to speak in English, because it was easier for the committee.

The WITNESS: For everybody to understand; not for myself.

Mr. CATHERS: Let us not get into these asides.

By Mr. Bell (Carleton):

Q. I want to pursue this for a moment. If you had been building such a building for a private client, would it not have been your responsibility as an architect to have found those things out before there was a call for tender?

—A. No.

Q. No?—A. Oh, no.

Q. Then, what would have been your responsibility toward a private client who did not have the unlimited funds of the federal government, of which you spoke the other day?—A. If I had worked with a close estimate for a commercial firm, there is a danger that the firm would have failed on account of that extra expense, so giving a margin in my estimate he knew whether he could afford to do it or not. That was the time he told me to cut this off to reduce the estimate.

Q. I see. You could do that after you had spent \$250,000 on an excavation?—A. Of course. Well, the excavation is different. We must go down to bed-rock.

Q. Do you say this is your sole responsibility as an architect?—A. What?

Q. What you have described.—A. Yes.

Q. All right.—A. Any architect at all, if I understood your question well.

Q. I am sure you understood my question very well, Mr. Cormier.

In regard to these particular extras we are speaking of, with respect to contract No. 2, did you negotiate the amount of the prices for each one with the contractor, or did someone else?—A. No. We had the unit prices that were applied.

Q. You had the unit prices of the original contract?—A. In the contract, yes.

Q. Was there any change made in these unit prices?—A. No.

Q. None at all?—A. None at all. The only thing that was not covered was the cleaning of the earth left by Miron & Freres in the crevices and pockets.

Q. Miron & Freres left that?—A. They were not supposed to take that out.

Q. Why not?—A. I am referring to the dirt that was left in the small pockets in the rock which would have created mud later on. He was not responsible to take a broom and clean that. He was working with machinery.

Q. Were not the plans and specifications given to Miron & Freres and the extra in the amount of \$183,000 sufficient to clean out the dirt and prepare it for footings and the foundation?—A. I do not need to clean it at that juncture at all. The next contractor would make some more dirt on it.

Q. Should you not have contemplated that when you prepared the plans and specifications for contract No. 2 in order to get competitive prices in respect of it?—A. No. I did not live on the site, you know. I was working in Montreal. If I had my office in the hole there I would have done that. It was physically impossible to see that.

Q. Is that the architect's responsibility?—A. You are stretching that very far.

Q. Well, is it or is it not?—A. You ask Mr. Pratt.

Q. Mr. Pratt is not in the witness box, sir, you are.

By Mr. Pratt:

Q. May I ask a question, Mr. Chairman?

Did you not have a clerk of works on the job?—A. Yes, certainly.

Q. He was your representative?—A. Yes.

By Mr. Bell (Carleton):

Q. Could he not have reported this to you?—A. Yes. If you have been in the vicinity of Montreal, Mr. Pratt, you will know of Mr. Lalonde's reputation there. He is certainly the best engineer in the field.

Mr. BOURGET: Hear, hear.

An hon. MEMBER: He is most outstanding.

The WITNESS: He is most outstanding. That is the firm I engaged for supervising that excavation.

By Mr. Bell (Carleton):

Q. But he did not report these things to you?—A. No, certainly not, because they were natural. I would have laughed at him if he had reported them.

Q. But if your plans and specifications had been complete there would not have been any need for these extras, would there?—A. Do not say that. These extras were needed.

Q. They were needed?—A. Certainly.

Q. But because your plans and specifications were not complete—

Mr. BOURGET: Oh, no. He could not foresee that.

The WITNESS: It is the usual practice. No one was going to be on the job to drill 540 holes to be sure that it was solid bed-rock. Even the people who put in tenders did not do that. They were not obliged to do that.

By Mr. Bell (Carleton):

Q. Is it not a standard requirement of an excavator to clean up an excavation and ready it for concrete?—A. Well, he did.

Q. He did?—A. Yes, certainly.

Q. Then what are we talking about? Why did you have these extras?—A. That was for future use. I did not want that earth down there probably because of the presence of water which would have made mud, the mud you are talking about so much.

Mr. BOURGET: What about the rain bringing in extra dirt with it?

By Mr. Bell (Carleton):

Q. When there are these extras to a contract the prices of the extras have to be negotiated, is that not the case, Mr. Cormier?—A. Yes.

Q. I am speaking of the prices of the extras.—A. That was not negotiated by me.

Q. That was not negotiated by you?—A. That was submitted to the department and they accepted it as fair and reasonable.

Q. When that happens does it not put the department at the mercy of the contractor?—A. No. You have experts in the department who know all about these things.

Q. Is it not true that you have no competitive price to guide you?—A. Yes. That was for the amount of \$4,650 against the contract in that amount.

Q. We are talking about \$87,000 now, Mr. Cormier.

Mr. CHEVRIER: Oh, no.

The WITNESS: Oh, no. You see, you are all mixed up.

Mr. BELL (Carleton): I am afraid, Mr. Cormier, that we are not all mixed up.

The CHAIRMAN: Just take your time.

By Mr. Bell (Carleton):

Q. I am talking now of—A. The cleaning amounted to \$4,650, and nothing else.

Q. All right. What were the others, then?—A. I told you about the extra difficulty in finding the bed-rock.

The CHAIRMAN: Which contract are we referring to now?

Mr. BELL (Carleton): We have been consistently talking about contract No. 2 and I think the witness has always been clear on that.

The WITNESS: Yes.

By Mr. Bell (Carleton):

Q. Yes. What was the other for?—A. There was a deduction of \$2,000 for the replacement of the toxement by calcium chloride. We got a deduction there because I thought at that time, seeing the conditions, that I did not need the toxement in the concrete because of the conditions. I preferred the calcium chloride.

The big amount which you are forgetting is the \$60,247.20 because the limit of the contract had been increased by 1.4 feet, or 1.6 feet to raise the basement slab.

Q. Yes.—A. That is the contested figure. It was merely an extension of the concrete. That same amount would have been deducted from a future contract. That work was done there and did not have to be done in the next contract.

Q. So the mistake in connection with the floor— —A. They were both done for the same unit price.

Q. Yes, so the mistake in connection with the floor— —A. There was no mistake. It could have stayed there if I wanted.

Q. What would have been the result of that?—A. No result. That \$60,000 is in this contract and is not in the next contract.

Q. Why did it not stay there?—A. Because I thought it would be better until all my walls were closed in. If by an extraordinary chance there was a flood the water would come above that floor and stop the work for about three months.

Q. But you had not foreseen floods?—A. Certainly.

Q. Why did you not raise the floor in the first instance?—A. The flood mark is on that plan and it happened only once in 30 years.

Q. Is it not the architect's responsibility to go back and check these things whether it is 30 years or 50 years?—A. This is marked on that drawing. This is information I got from the department, who got it from the surveyor, who got it from the city hall.

Q. In any event the raising of the floor— —A. Was not necessary.

Q. It was not necessary?—A. No. It could have remained there, but before the exterior walls were made I would have been flooded if by chance the thing had happened. It only happened once in 50 years.

Q. When did this first occur to you?—A. I beg your pardon?

Q. When did this idea of raising the floor occur to you?—A. The moment I gave the order.

Q. Why did it not occur to you earlier?—A. I could not foresee all these things.

Q. I see.

By the Chairman:

Q. In essence this was a precautionary measure?—A. It was just a precautionary measure only for the time it took to build the walls and close in that area.

By Mr. Bell (Carleton):

Q. As a result of that precautionary measure there was this additional expenditure of some \$60,000?—A. No, not a cent over the total expenditures of the building. This was only done earlier, that is all.

Mr. BOURGET: Explain that point clearly, Mr. Cormier.

The WITNESS: I just extended this contract a foot more. That foot more was paid for by the \$60,000, and that amount was deducted from the next contract. The work was done. I did not have to do it twice.

By Mr. Bell (Carleton):

Q. To correct this situation and raise the floor cost an additional \$60,000. That is a fair statement, is it not?—A. Yes, but you regain it on the next contract.

By Mr. Bourget:

Q. You did not have to do it on the next contract?—A. I did not have to do it twice.

By Mr. Carter:

Q. You did not increase the total cost?—A. This increased the scope of the first contract and decreased the scope of the second contract by the same amount.

By Mr. Bell (Carleton):

Q. How do you know that?—A. I know what the unit price is that came in on the next contract.

Q. I see, but that is purely supposition, is it not?—A. It is not supposition. The figures are there.

Mr. CHEVRIER: That is a fact.

By Mr. Bell (Carleton):

Q. May I turn for a moment to contract No. 3 in relation to this?

Mr. PICKERSGILL: Is that the contract covering the diesels? I think Mr. Bell means contract No. 4.

Mr. BELL (Carleton): Yes, I am sorry, That is right.

The CHAIRMAN: Contract No. 4, concrete for main building.

By Mr. Bell (Carleton):

Q. Yes. Concrete frame for main buildings. On what date did you deliver the complete plans and specifications for this contract?—A. I do not see it here; but I may have it.

The CHAIRMAN: Just take your time.

The WITNESS: I never foresaw I was going to be questioned on that. There is no point at all.

Mr. CHEVRIER: You are doing very well.

The WITNESS: It does not prove anything.

By Mr. Bell (Carleton):

Q. Do you have a record of it?—A. I have; but I do not know if I have it here. If I had my twelve filing cabinets with me I could tell you right away. I would need a truck to bring them here.

Q. It would be just before July 21, the date on which the tenders were called.

The CHAIRMAN: May I show him Exhibit P-2. This is contract No. 4.

The WITNESS: Yes. That is not what Mr. Bell asks. Anyway it was before July 21.

By Mr. Bell (Carleton):

Q. Generally speaking you would deliver them a couple of weeks before the tender call?—A. Generally a week or so before, or perhaps two weeks.

Q. This tender was called on July 21. Do you have the date on which you delivered your estimated cost?

Mr. CHEVRIER: That has already been put in evidence as August 22, 1950.

Mr. BELL (Carleton): On what page is that?

Mr. CHEVRIER: I do not know. I have a note that Mr. Walker asked the witness that.

Mr. BELL (Carleton): I am sorry, but I had only about fifteen minutes notice this morning that I was going to be pinch-hitting.

Mr. CHEVRIER: You are doing very well.

The CHAIRMAN: We are making good progress, I hope.

By Mr. Bell (Carleton):

Q. Do you have the date?—A. I do not have it here.

Q. Do you have the amount of your estimate?—A. Oh, yes; \$2,403,000.

Q. And in this case the contract was let to Concrete Construction again.—

A. Yes.

Q. But for \$1,771,219?—A. Yes.

Q. And on this contract there were three additions, one totalling \$249,000, another \$51,000, and another one, \$5,000. Were those additions foreseen when you delivered your final plans and specifications for this contract?—A. I must see what they are.

The CHAIRMAN: The information is given on page 2.

The WITNESS: Anyway the main item was the ramp which has been discussed so much.

By Mr. Bell (Carleton):

Q. Was the ramp in the final plans and specifications for this contract which you delivered a week or so before July 21, 1950?—A. Yes; it was shown, but outside the scope of this contract. Let me explain and you will understand it much better.

The natural limit of this contract should have been the expansion joint which separates the main plant from the garage and power plant. Just next to this expansion is the ramp. I could not give the ramp in this contract because I did not have the data on the loading platforms working with compressed air and the information on the trucks delivering the paper to the plant; they are very, very, long trucks and I did not have the radius of the turning and the length of the trucks. I did not know that. Mr. Powers and Mr. Cloutier supplied that information later on. So I could not finally detail the ramp at that time. That had to be added when I got the data.

Q. You say that two years after you had been awarded this you did not know the length of the vehicles?—A. No. Likely they had changed during the two years. The length of your car has changed during the last year.

Q. Neither Mr. Cloutier nor Mr. Powers gave you any information?—
A. They did not know.

Q. Did you ask them?—A. Certainly; they made the inquiries of the trucking companies as to the trucks, the content and the biggest and the longest; that takes time. I had to wait for that data and then foresee for the future.

Q. Was there any indication at all of the ramp on the plans as you delivered them?—A. There was indication on the preliminary drawings.

Q. On the final plans and specifications which you delivered. Or is this another instance of which you spoke the other day of having everything in your head?—A. No.

By Mr. Pratt:

Q. May I ask what preliminary drawings contained this information?—A. The ones you were speaking about.

Q. But there are six or seven of them.—A. It is in the set anyway. It is not something which came later on; it has always been there from the start.

Q. I merely want to examine the document.

The CHAIRMAN: Are you satisfied if we get the documents?

The WITNESS: We are losing time.

Mr. PICKERSGILL: I understood Mr. Bell was examining the witness.

By Mr. Bell (Carleton):

Q. While you are looking for that perhaps we might go ahead. I want to be absolutely clear in relation to this; you say the ramp was shown on the preliminary plans.—A. It may have been omitted there. We will see.

Q. In any event it was not in the tender specifications and so no tender was called?—A. No; but we had unit prices covering all that. We had unit prices for forms, unit prices for steel, for concrete class "A", 3,000 pounds, unit prices for concrete class "B", 2,000 pounds, unit prices for integral waterproofing and for backfill.

Q. Where do you get these; from the main contract?—A. It was in the form of tender I made and transmitted to all contractors. All the contractors fulfilled it entirely. Concrete Construction gave it, and Foundation Company gave it.

Q. Yes; in their tender received on August 23, 1950?—A. Yes. It is not a thing I extracted from any contractor.

By Mr. McGregor:

Q. You say that this ramp was all done on the unit price basis?—A. No; plus or minus adjustments.

Q. Plus or minus? A.—Yes, it was on that basis that it was done.

Q. If it was not done on a unit price basis, then on what basis was it done?—A. It was done on unit prices, yes.

Q. When it is done on unit prices, the contractor must supply all the equipment and everything to do it at the unit price?—A. That is right.

Q. Then what is this \$8,000 for, renting of towers and trusses? —A. There were no unit prices for that.

Q. Do you mean to tell me that when a contractor takes a job you have to pay him rental for the equipment he does it with, for a unit price?—A. No.

Q. Then, what is this \$8,000 for? A.—Are you a contractor, Mr. McGregor?

Mr. SPENCER: That is beside the point!

By Mr. McGregor:

Q. Yes. I am a contractor; but I do not understand this. If I take a contract at a unit price, I have to do it and supply my own equipment. I take it for granted that is what this man ought to do.—A. You think the shoring should be the same for 13 feet as for 40 feet high and at the same price?

Q. Yes. I may be a little stupid, but I am not as stupid as you may think I am.—A. I never said that.

Q. When I take a contract at a unit price I know how high I am going or how low I am going, and so do you. A.—Yes; but in the drawings he was supposed to put slabs over 13 feet but in this ramp section he had to go over 40 feet of shoring to cast his slab.

Q. And he did not know about that before?—A. No. It was not in his contract. I said that just a few minutes ago.

Q. Then what about this \$4,000?—A. We had to pay for that extra shoring.

Q. I thought you just said it was included in the unit price.—A. No, not the extra shoring.

Q. Well, the record will show what you said and what I said. A.—Let me answer more fully, then.

Q. The record will show it. A.—In the unit price, the forms and shoring for 13 feet height was included; but in the case of the roof of the ramp, with a shoring of 40 feet of height that was not included. Only 13 of the 40 feet was included.

Q. When the contractor took this job at a unit price he did not know he had to go 40 feet into the air?—A. He was not supposed to do that portion not included in his contract.

Q. Then what was he supposed to do for that unit price?—A. All the remainder of the building. The ramp was not included then; it was an addition, a special addition.

Q. You say the ramp was not included? A.—No. I just said that I did not have the data to design the ramp.

Q. The record will show what that mean. Then, how come that you paid him \$4,785 for heating? A.—I will say, off hand, that it was during the cold season. We added that to his contract. He was not supposed to do it. If he was not supposed to do it, he would have finished before the cold season began. But because we forced him to do it, he had to do it during cold weather.

Q. Is there anything in these contracts specifying that the contractor will be paid extra for heating?—A. No. It is outside the contract; it was not in the contract.

By Mr. Bell (Carleton):

Q. Now, on the estimate which you made of \$2,408,000 did you include the ramps in that estimate?—A. Yes; because it was my intention, if I could get the data in time, to go to the natural limit which the contract should have gone if I had had that data.

Q. Did you tell the department that you were so doing?—A. I do not know. I may have, but I do not know.

Q. You are saying what was in your head. Did you put it in writing?—A. No. I may have explained it when I asked for that additional amount.

Q. Did you not leave the department under the impression that that which you estimated was going to cost \$2,408,000—that was the contract specifically for which you had provided plans and specifications?

The CHAIRMAN: The exact figure is \$2,403,000.

By Mr. Bell (Carleton):

Q. If I got the figure wrong, I am sorry. You say it is \$2,403,000.—A. I must have foreseen that eventuality; but my desire was to go the natural limit of what this should have been, had I had the data to show it on my plans.

Q. You agree that this contract should have included it?—A. Yes. If I had had the data. I explained that to you for a quarter of an hour a few minutes ago, with respect to the length of the trucks, the radius for turning, the adjustment of the loading platform, and all that.

Q. I think we are getting along very famously together.—A. It took a lot of time to get that data.

Q. Yes. It took something more than two years to get that data.—A. No. That contract did not last two years.

Q. You had been employed for something more than two years by that time, had you not?—A. I object to that. It is entirely useless what you are saying there.

Q. If you will be just as courteous to me as I have been courteous to you, Mr. Cormier, we will get along much better.—A. You are not being courteous in the way you are putting your questions. You are just making accusations.

Q. I could put my questions in a lot different way, and I will do so unless you conduct yourself as a proper witness should.

Mr. CHEVRIER: If you put your questions in another way, you would be putting them irregularly. You should not be talking to this witness in this fashion. You have been doing very well up to now and I hope you will continue.

Mr. BELL (Carleton): I expect the witness to conduct himself as a proper witness should.

Mr. PICKERSGILL: It should not be forgotten that this witness is a free citizen in a free country and that he has been accused of nothing.

The CHAIRMAN: Let us continue, now we have had this little relaxation.

By Mr. Bell (Carleton):

Q. I am still not clear and I wish you would put me clear as to whether, in your estimate, there is or there is not conveyed to the department an indication that the ramps are part of that estimate?—A. It is hard to estimate.

Q. It is very hard to say?—A. Oh yes. I have before me a breakdown of part of my estimate which amounted to \$2,144,049.90; the forms at so much, the steel and concrete A and B, and the backfilling. But after ten years it is very difficult to know.

Q. Dealing now with contract No. 5, perhaps we can shorten this, if you will just say to me whether in this particular contract, the extras of \$25,000 were foreseen by you when you submitted your final plans and specifications?

The CHAIRMAN: Contract No. 5 deals with concrete frame of powerhouse and garage structure.

The WITNESS: There you touch the point of the question on one single contract. I insisted—I do not know how many times—to the department to let me call for tenders for boilers separately, and call for tenders for diesels separately, and call for tenders for compressors separately from the general contract, and to call for tenders separately for water treatment equipment so that, in making my plans, I would know exactly what would go in, and the size and necessities of each of them.

But instead, that was refused, because it was not the policy of the department. I succeeded in getting only the information concerning the diesel equipment in contract No. 3.

And that is because I showed Mr. Murphy, that if I used the Vivian engine the foundations would have to be 6 feet longer than for the Fairbanks Morse. He saw that right away—"All right, you call tenders for that". But I did not succeed on the boilers. In fact, in the preliminary plans that Mr. Pratt has seen here is a Vickers boiler. What I got finally was a Babcock boiler. It was not exactly the same height or the same width or depth, and had a different principle of firing. I had to make an extra for the adjustment of that new one.

Water equipment, I had selected, not being able to get a final decision of the government on that separate tenders, I selected a Graver system—

By Mr. Bell (Carleton):

Q. Not being able to get a final decision of the government, you said?—A. Because I was not allowed to call separate tenders for that item, I was not allowed. Only the diesel they consented on.

Q. Who refused you?—A. The deputy minister. He said: "It is not the policy of the department. We always try to get as much in a contract as we can."

Q. And you say because of the refusal this addition was necessary?—A. Well, I had to select one to make my plans. I selected the Graver system. When the contract was given the system came in with entirely different requirements. I had to make adjustments for that. I had to make a wooden partition around the diesels when they were delivered on the job but not installed. It is demanded by the department for protection while we were working on the building.

Mr. PRATT: May I ask a rather important question at this juncture? I would like to ask Mr. Cormier why he has filed no working plans, no written specifications. This committee is working without working plans, we have no specifications, nothing has been produced on file—no contract documents, as they are described in the profession. We only have six small preliminary drawings and one large-scale detail of some windows—no written specifications.

Mr. CHEVRIER: Mr. Chairman, on a point of order—

The WITNESS: What is this, Mr. Pratt?

Mr. CHEVRIER: Just a moment.

Mr. PRATT: We do not know what they are; are they filed?

Mr. CHEVRIER: Might I be allowed on a point of order to state when I got the opportunity for fifteen minutes the other day after the witness was examined by Mr. Dorion I produced the preliminary plans in answer to what Mr. Dorion said. I have not reached the point in my examination yet where I am going to introduce all the plans and all the specifications and drawings for each and every contract.

Mr. PRATT: That most certainly answers my question. I find it amazing that the committee has been trying to work in the dark.

Mr. BOURGET: Mr. Chairman, you will remember that I did ask for the plans and General Young said at the time there were too many plans. I did ask for them, did I not, General Young?

The CHAIRMAN: I wish you would ask your questions. Now, you are a member of this committee. If there are any plans or specifications you want, ask for them.

Mr. PRATT: I spent 35 minutes yesterday asking why these documents had not been produced.

Mr. CAMPBELL (*Stormont*): Why did you not ask to have them produced?

Mr. PRATT: The Liberal Party was missing yesterday. Mr. Chevrier has answered the question. I am asking as a member of the committee. I am not attacking anybody. I am just asking why we are working in the dark without plans and specifications. It is not possible for this committee to come to any decision without documents, and the sooner they are filed the sooner we can get down to facts.

The CHAIRMAN: Will you ask for the production then?

Mr. CHEVRIER: I propose to produce them all.

Mr. CATHERS: He is asking for them now.

Mr. BELL (*Carleton*): Mr. Chairman, just to clear this thing, shall we ask that they be produced now?

Mr. CHEVRIER: Mr. Cathers has made a point. He is asking to produce them now. Well, General Young gave evidence and produced, I believe, two of them, if not more. I asked for the production on number 4 contract, and I was told these were so bulky it was not possible to have them here. Now, here is one of three such plans covering contract 4. I propose when I get to the witness to produce all those drawings and specifications and so on.

Mr. CATHERS: May I ask if Mr. Chevrier has a privilege that Mr. Pratt has not got? Can he not ask for something which Mr. Chevrier is going to ask for later? He is asking for those plans now, and Mr. Chevrier is objecting.

Mr. CHEVRIER: I am not objecting.

Mr. PRATT: Mr. Chairman, may I have the floor?

Mr. CHEVRIER: What I am saying is, General Young would have produced them if he had been asked.

The CHAIRMAN: It is very easy to examine them. The plans have been in the committee room for the last four days. You can look at them any time.

Mr. PRATT: The fact that they have been in the room or under the table makes no difference. I am a recent addition to this committee. It is possible when all this discussion took place with Mr. Chevrier I was not then a member of the Committee.

Mr. CHEVRIER: I think that was the case.

Mr. PRATT: Now I would be most happy to ask for the production of the plans connected with the construction of this building, and written specifications.

Mr. BELL (Carleton): If this is done now I think perhaps we had better do it.

The CHAIRMAN: Mr. Bell, would you produce the plans in the usual way?

Mr. BELL (Carleton): Let us produce them right throughout and let us get them marked as exhibits.

Mr. CHEVRIER: Would you allow me just one statement, not to delay the committee, but my recollection now is on that point that General Young said that any member of the committee who wanted to see the plans could see them in the Department of Public Works, and the only person who went down was Mr. Winch.

Mr. SPENCER: I think in fairness to Mr. Pratt, he was not here at that time.

Mr. CHEVRIER: Oh yes, quite.

The CHAIRMAN: Order please. General Young says that these are the only plans the department has, and he wants the assurance of the committee that those plans will be returned. Have you got the plans here now?

MAJOR GENERAL HUGH A. YOUNG (*Deputy Minister of Public Works*): Yes.

The CHAIRMAN: Produce them as Exhibit P-18. Those are plans of what?

Mr. BELL (Carleton): We had better mark them as exhibits for each contract.

The CHAIRMAN: That is complete plans for the six contracts for the printing bureau. Mr. Pratt, the plans are here. Do you want to see them?

Mr. PRATT: Mr. Chairman, I imagine these plans are rather voluminous. To make an intelligent study would take a great deal of time. If this committee were to get any benefit from those plans, it would be preferable that they take some time off and study them in detail. I think Mr. Cormier would agree with me on that.

The CHAIRMAN: Well, supposing you start to study right now, and you can help us.

Mr. PRATT: I take it that is a facetious remark. I have been trying to get them for two days.

The CHAIRMAN: I am not being facetious. I do not like to leave the impression that the plans are being secreted. They have been here for four days.

Mr. PRATT: Let us take it you are trying to be dignified and not facetious; I will forthwith attempt to study the plans.

Mr. BELL (Carleton): Shall we get these in, in an orderly way now, and mark them as individual exhibits?

The CHAIRMAN: I produce herewith plans, specifications and contract for contract No. 1. It will be produced as exhibit P-18. The same thing for contract No. 2—P-19.

Mr. DRYSDALE: Are there loose attachments to that? I think you had better record that or you will not know whether or not you got the complete document back.

The CHAIRMAN: They are all fixed together. The same thing for contract No. 3—P-20; the same thing for contract No. 4—P-21.

Mr. DRYSDALE: Mr. Chairman, how many plans are there in there?

The WITNESS: I can tell you that as we go along. There are fifteen drawings.

The CHAIRMAN: The same thing for contract No. 5—P-22.

Mr. PRATT: Naturally during the sittings of this committee I will have an opportunity to make a most cursory examination of these plans; I presume they will be available to me on demand?

The CHAIRMAN: Yes. The same thing for contract No. 6—P-23.

I would suggest, gentlemen, and it has been suggested before by General Young, that these contracts, plans and specifications be set up in the board room of the Department of Public Works.

Mr. PRATT: That will be an excellent idea—where they are available to all members of the committee.

The CHAIRMAN: We agreed on that several days ago.

The WITNESS: The only objection I have is if we talk on certain things I would like to be able to show that on the plan. I hope Mr. Winch will question me on the electrical part of it.

Mr. BELL (Carleton): Throughout the sittings of the committee they will be here.

The CHAIRMAN: Then it is fully agreed that these plans and specifications will be set out in the board room of the Department of Public Works, but during the meetings of the committee they will be here?

Mr. CHEVRIER: Mr. Chairman, may I point out I think there are drawings that go with each of those plans, or at least with some of them, and I think the witness should tell us that certain drawings go with these, because it is important the committee should know. Could we go back; I was going to bring this out in evidence; could we go back to each of the contracts to ascertain what drawings over and above the plans and specifications that are now before us go with each separate contract?

The WITNESS: That is right.

The CHAIRMAN: Who is the best witness to answer that, Mr. Cormier?

The WITNESS: There are 47 drawings for contract No. 6.

By Mr. Bell (Carleton):

Q. Where are they?—A. They are supposed to be in that roll.

By Mr. Chevrier:

Q. Are there any other drawings going with any of the other contracts?—
A. Oh yes.

Q. Would you give them please?—A. Well, we would have to open the roll. I have not got that. Did I give you No. 5?

The CHAIRMAN: No, No. 4.

No. 4 contract.

The WITNESS: Yes, 14 sheets and specifications.

By Mr. Chevrier:

Q. How many drawings were there in No. 6?—A. No. 6, I just said 47.

Mr. McGREGOR: I wonder if I could ask a question while we are looking for the plans?

Mr. BELL (Carleton): Just wait a minute, Bob, until we know what we are getting.

The WITNESS: No. 5; 13 drawings.

By Mr. Bell (Carleton):

Q. Thirteen drawings?—A. Thirteen drawings and specifications.

Q. Yes.—A. No. 6—I think I gave you that.

Q. You gave us the number.

Have we got everything that is wanted by you, Mr. Chevrier?

Mr. CHEVRIER: We have 4, 5 and 6. I was wondering about No. 3 which covers the diesels.

The WITNESS: The drawing of the installation is shown in these specifications to small scale. We made the installation of the diesel as an addition to contract No. 6. I have several drawings. I do not have these here.

By Mr. Chevrier:

Q. Are there any drawings for contract No. 2?—A. For No. 2, yes. There is F-2, F-1. F-1 is a contract drawing and F-2 is a grid settling the amounts. That divides it into two squares 24 by 24.

The CHAIRMAN: Gentlemen, just to be sure, may I repeat that we have now produced plans and specifications and contracts relating to contracts No. 1 to No. 6, and produced this morning as exhibits, 18 to 23 inclusive.

Mr. BELL (Carleton): Do we now have all the plans and specifications that all members of the committee want?

Mr. CHEVRIER: That is right.

By Mr. Nasserden:

Q. Do these cover the extras as well?—A. There is the one big extra for installation of the diesels. That installation was costly. There should be a plan showing that. Number 64.

By Mr. Bell (Carleton):

Q. I think Mr. Nasserden may have raised an important point there. To what extent are there—

The CHAIRMAN: Pardon me. That appears in contract No. 6, Mr. Kemp advises me.

Mr. BENIDICKSON: These are all department plans?

The CHAIRMAN: They are all department plans.

Mr. BELL (Carleton): I am not sure I followed what you said. Mr. Kemp advised you, Mr. Chairman.

The CHAIRMAN: The witness referred to an extra with regard to contract No. 3. Is that right?

The WITNESS: No, no. This is an extra to No. 6 but that regards No. 3. This is the installation on No. 3.

By Mr. Bell (Carleton):

Q. Are these particular plans which have now been filed, Mr. Cormier, all the plans and specifications which you prepared in respect of the main contracts and the extras?—A. No. These are only the contract plans. I had to give a number of details describing what is covered by the contract plans but in smaller scale. I had to make full scale drawings of very many installations.

Q. These are all the contract drawings?—A. That is never included in contract prints but describe more fully contract items.

Q. These are all the contract drawings that were made by you?—A. Yes.

Q. Do they include all the contract drawings that you made in respect of any of the extras?—A. There are no contract drawings for extras.

Q. What drawings were made in respect of the extras?—A. That I cannot tell you. This is not extra, it is additional work called for.

Q. It is additions?—A. There was never anything missing and nothing omitted from the contract plans. Everything was complete. Do not try to make me say otherwise.

Mr. PRATT: Mr. Chairman, I think Mr. Cormier—

The WITNESS: The only thing is, as we went along, there was additional information to give to the contractor on larger scale.

By Mr. Pratt:

Q. Mr. Cormier, I take it that these are the original contract document?—A. Yes.

Q. Which you made in the first instance with the contractor?—A. Yes.

Q. Later when it became necessary, in your opinion, to do additional work, I think you called it, not extras, what was your procedure or practice?—A. When this additional work could be described with words I did not make plans. When it was not possible to describe them with words I had to describe them with drawings.

Q. But when it entailed figures as well, and when it entailed money, you must have had some documentary exchange between the contractor and yourself?—A. Oh, yes. These were all settled.

Q. Could we have these filed, sir? The point I am trying to reach, Mr. Chairman, is, we now have the basic original contracts. In order to investigate we must have the documents. In making an excess it must be by contract. These documents should be filed. I think Mr. Chevrier would agree with that.—A. They are available at the department.

By Mr. Bell (Carleton):

Q. Mr. Cormier, what extras or additions were agreed upon by word?—A. None, never.

Q. I understood you to say that.—A. By written word, not oral.

Q. So that they were described?—A. These are words; I read "estimate", for instance, that is a word, but it is printed here.

By the Chairman:

Q. The extras were covered by letters?—A. That is right, by letters and documents.

By Mr. Bell (Carleton):

Q. By letters and documents. Mr. Cormier, what extras were there for which actual contract plans were prepared? Let us use the ramp as an example. Would you prepare contract plans for the ramp?—A. Certainly, and complete details.

Q. Are those plans among the documents which have been produced?—A. We have more complete details than the ordinary specialist would supply for concrete work.

Q. What do you mean by that?—A. My drawings show everything, even the length of each bar, the way it should be bent, and the contractor can take that and order his steel direct from the rolling mills without passing through an intermediary for buying steel. That is not done in the practice of consulting engineers in reinforced concrete.

Q. Will you answer my question as to whether or not you prepared plans for the ramp, and if so are they in the documents which we have now produced?

Mr. BENIDICKSON: He is not producing them.

The WITNESS: They must be in there. If they are not I could produce them when I return to Montreal.

By Mr. Bell (Carleton):

Q. Let us be clear about this. All the contract plans which you prepared are produced and available to the committee now.—A. Yes.

Q. That includes as well all extras or additions, or call it what you will?—A. Yes.

Q. Mr. Chairman, I had hoped to be finished long before this. Perhaps I may go ahead now to contract No. 6.

Mr. McGREGOR: Before that, will you finish up on this \$51,000 item. There is a \$51,000 item here.

Mr. NASSERDEN: Before you do—

The CHAIRMAN: Mr. McGregor is speaking.

By Mr. McGregor:

Q. This is No. 4. There is an item there for \$51,000. Would you mind telling us how they arrive at that?—A. There are 23 miscellaneous items. Do you want me to read them?

Mr. CHEVRIER: Last week I tabled the letter giving authority for that.

The WITNESS: It is a letter dated February 7.

Mr. BELL (Carleton): As I recall it you gave the total in relation to that and not the detail.

Mr. CHEVRIER: The details are on the letter.

The WITNESS: Explanations are on the letter.

By Mr. McGregor:

Q. Would you tell us how they arrived at those prices?—A. Each one was cost priced in very, very complete detail by the contractor and sent to me, checked, rechecked, and sometimes corrected in red ink; then, when I thought it was complete I stamped it with "This tender is fair and reasonable and I recommend its acceptance by the department." Then it went to Mr. Kemp who checked it according to the prices available in the department and they either accepted it or refused it; sometimes they refused it.

Q. After you check it and the department checks it and the inspectors check it, then you tell him to go ahead and do the job if the price is satisfactory?—A. Yes.

Q. How do you account for this item where it says on the top—and this is dated December 10, 1951—"the majority of these items are already completed"?—A. You know, on a job when you are starting, for instance, to cast two columns next to a window, if I decided to change the wall there from brick to concrete I cannot stop you from pouring the concrete. I have to decide it right away.

Q. You have just said that after you inspect it you tell the contractor then to go ahead and do the work?—A. Or stop the whole job.

Q. Here the contractor says he has already done the work.—A. Yes. These unit prices apply, don't you see—his bill did not come right away; it took sometimes three or four months to get them as adjustments.

Q. Well now, according to this— —A. Not the instance you are looking at, but some other instances.

Q. According to this, on September 10, 1952, he sent you a list of the prices and said on that letter that the majority of these items are already completed. That list was not finally approved until December 14, 1952?—A. Yes.

Q. One year later?—A. That does not prove that the principle of these things had not been approved by the chief architect on my weekly visit to his office.

Q. But you told us no work was started unless you had authorized it to start and approved the price?—A. No.

Q. That is what you said and the record will show it.—A. We were discussing No. 1 or 2. We are talking now of No. 6.

Q. I am talking of No. 4.

The CHAIRMAN: Mr. McGregor, will you please put your question again so that we may get an answer.

By Mr. McGregor:

Q. The point I am making is this: that the witness said that before anything of this kind is approved, this must be all approved by him before there is any work done.

I am trying to prove to the committee that the statement at the top of their form says that this work has almost been completed.

The CHAIRMAN: Will you answer the question?

The WITNESS: I made that statement, but it was not in respect to contract No. 6. I made it in respect to contracts No. 1 and No. 2, but it does not apply in this case.

By Mr. McGregor:

Q. We are talking about contract No. 4.—A. My previous statement does not apply to that, but to previous contracts only.

Q. We were talking about contract No. 4 only.—A. No, not at the time I made my declaration. That was not today.

Q. I have one more question in connection with the ramps. There was no escalator clause in this contract?—A. No.

Q. That means that if the contractor takes a job at a unit price, he has to finish it within that time, and it is up to him.—A. Yes, that is right.

Q. And if he goes over that time, he does not get anything by way of an increase in prices or anything else?—A. That is right.

Q. Then why did you pay him on October 15, 1951, \$22,852.82 in lieu of increased cost of building materials for thirteen months.—A. Have we got that? I have no record of it here.

The CHAIRMAN: Perhaps you can answer it at the next meeting.

By Mr. McGregor:

Q. No. I want the witness to answer the question now.—A. I am afraid that I have not got the information right here.

The CHAIRMAN: He will have to do research in order to look it up.

By Mr. McGregor:

Q. I might as well finish this question. The first statement went in on the 22nd of September 1951. It showed that he had billed you for \$40,738.48, or at the rate of a 24 per cent increase over thirteen months; and that was cut down to 13 per cent, or \$22,850.82.—A. That is not in my document. That is the department's.

Q. Here it is. I will show it to you here.—A. Yes, but that is not my document. That is the claim of the contractor. This is my document.

The CHAIRMAN: Mr. McGregor, would this satisfy you? You have asked your question, and the witness will answer it at the next meeting. In the meantime he will look it up.

Mr. McGREGOR: No, Mr. Chairman. I think the witness should answer my question now because according to this—here is the approval of Mr. Cormier to this bill, and I think it should be answered right now.

The WITNESS: That is on the ramp that you are talking about? The department accepted that.

By Mr. McGregor:

Q. But you recommended it.—A. Yes, as being fair and reasonable.

Q. Nevertheless you recommended it?—A. Yes.

Q. I thought you just said, a moment ago— —A. But that is a special condition to which the general ruling does not apply. That is the only thing.

Q. You just said a moment ago that there was no accelerator clause and that the contractor was not entitled to anything else. Nevertheless now, because you find you have made a mistake, you allow it.—A. I never said that.

Mr. CHEVRIER: You are giving evidence, Mr. McGregor. The witness has not made that statement.

Mr. McGREGOR: The witness made the statement that the contractor was not entitled to any money for that charge.

Mr. CHEVRIER: You do not have the right to put words into the mouth of the witness. You should restrict yourself to asking questions.

Mr. McGREGOR: That may be so; but I can put a few facts into the mouth of the witness.

Mr. CATHERS: You are not authorized to answer for the witness, Mr. Chevrier.

Mr. CHEVRIER: No. But I am authorized to object to question of that nature, particularly when words are put into the mouth of the witness.

Mr. BELL (Carleton): Suppose we let the witness answer. He is quite competent to look after himself.

Mr. CHEVRIER: I have no doubt about the competence of the witness to look after himself.

Mr. CAMPBELL (Stormont): He looked after himself before!

Mr. PICKERSGILL: I think that last record should be stricken from the record, Mr. Chairman.

The CHAIRMAN: I did not hear it, and I presume that the reporter did not hear it either.

Mr. BELL (Carleton): I do not know what Mr. Pickersgill was referring to.

Mr. PICKERSGILL: I was referring to the remark made by Mr. Campbell that the witness looked after himself before. I think that was a shocking thing to say.

Mr. CAMPBELL (*Stormont*): I said that he has looked after himself before, and I do not think that remark should be stricken from the record.

The CHAIRMAN: Let us get back to Mr. Bell.

By Mr. Bell (Carleton):

Q. In view of what Mr. McGregor has raised, may I return to contracts Nos. 4 and 5, the extras and the additions. Both these contracts include concrete finish and surface, do they not?—A. Yes, but that should be interpreted. It is not a surface finish at all.

Q. Is it not usual?—A. It is a cement finish under the roof surface.

Q. Is it not a usual custom in the trade that the finish is incorporated in the contract itself?—A. Yes, certainly.

Q. Then why not in this case?—A. In order to economize on that expenditure by that amount of money If I could.

Q. But you did not succeed in your objective, and you had to put it in as an extra?—A. Yes. Would you like me to explain what my procedure was?

Q. Certainly.—A. I shall explain it then. In the roof slab, I wanted to take the chance that the finish—the very careful finish—made by the contractor, would not require an extra cement finish. So I waited until it was done, I saw that at certain portions there were lumps of concrete above that finish.

So in order to prevent a piercing through the vapour membrane, I said that we must have that finish, and to put it on. But I took the chance of avoiding that amount. You see, I could have put it on right away; but at the moment the chance was lost. There is no cement finish in the power house.

Mr. BELL (*Carleton*): I am sorry, Mr. Chairman, that I have not been able to finish. If I had had a little more time to warm up, I might have been able to finish my questions.

Mr. CHEVRIER: How much longer will Mr. Bell require?

Mr. BELL (*Carleton*): I do not think I will take very much more time. I hope that Mr. Walker will be recovered from his illness by tomorrow.

Mr. CHEVRIER: At the last three meetings I think Mr. Pickersgill and I have been accused of delaying tactics but we have not asked one question.

The CHAIRMAN: We shall meet tomorrow at 9.30.

Mr. BELL (*Carleton*): That is a thing which should not go unanswered. It is quite obvious that there is only one group here that is trying to get at the real facts.

Mr. VILLENEUVE: As a layman, I have been somewhat confused.

Mr. CHEVRIER: You have been confused all over!

Mr. VILLENEUVE: In a committee as important as this, it is customary to have the witnesses sworn. I wonder if that practice would be in order here. I am not trying to reflect anything. However, I think it would help the committee in connection with the questions and answers.

The CHAIRMAN: Well, under the circumstances I think it would be an extraordinary thing to do but in the meantime the steering committee will consider it and perhaps report at the next meeting which is tomorrow morning at 9.30.

The committee adjourned.

Document No. 1

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament
1958

*Government
Publications*

**STANDING COMMITTEE
ON
PUBLIC ACCOUNTS**

- 891

**MINUTES OF PROCEEDINGS AND EVIDENCE
No. 17**

**Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon**

FRIDAY, AUGUST 29, 1958

WITNESS:

Mr. Ernest Cormier, Architect, Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserdan
Bissonnette	Hales	Nugent
Bourget	Hanbidge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Simcoe North</i>)
Carter	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Cathers	MacRae	Spencer
Chevrier	Martel	Stewart
Coates	McGee	Valade
Crestohl	McGregor	Villeneuve
Dorion	McMillan	Walker
Drouin	Morissette	Winch
Doucett	Morris	Wratten
Drysdale	Morton	Yacula

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

FRIDAY, August 29, 1958.
(20)

The Standing Committee on Public Accounts met at 9:30 a.m. this day. The Chairman, Mr. Macnaughton, presided.

Members present: Messrs. Bell, Bourget, Bourque, Campeau, Carter, Cathers, Chevrier, Crestohl, Dörion, Doucett, Drysdale, Grenier, Hanbidge, Keays, Macnaughton, Martel, McGee, McGregor, Morissette, Morton, Nasserden, Pickersgill, Pratt, Smith (*Simcoe North*), Smith (*Winnipeg North*), Spencer, Stewart, Villeneuve, and Wratten—(29).

In attendance: Mr. Ernest Cormier, Architect, and his counsel, Mr. F. P. Varcoe, Q.C. *From the Department of Public Works:* Major General H. A. Young, Deputy Minister; and Mr. J. O. Kemp, Contracts Division, Building Construction Branch.

The Committee continued its consideration of the construction costs of the National Printing Bureau.

Mr. Cormier, the witness, was further questioned by Mr. Bell.

Agreed,—That those documents related to the appointment of Mr. Cormier, as architect for the construction of the National Printing Bureau, which were tabled and identified as “Exhibit No. P-15” on August 27, 1958, be printed as Appendix “E” to this day’s Evidence.

Mr. Chevrier filed documents related to the contract between the Department of Public Works and Miron Freres for the initial excavation of the Printing Bureau (contract, specifications and 1 drawing). (These documents were identified as “Exhibit No. P-24”, but are to remain the property of the Department of Public Works.

Mr. Chevrier continued the examination of the witness.

At 11:00 a.m. the Committee adjourned until 9:30 a.m. Monday, September 1, 1958.

E. W. Innes,
Acting Clerk of the Committee.

EVIDENCE

FRIDAY, August 29, 1958.
9:30 a.m.

The CHAIRMAN: Gentlemen, will you come to order please.

We propose to sit this morning but not this afternoon, and not on Saturday, and we also propose, unless there is serious objection, to sit on Monday morning, Tuesday morning and on Tuesday afternoon for the consideration of matters other than the printing bureau. I hope that meets with your favour. Is there any objection?

Mr. SPENCER: Tuesday afternoon when the house is in session?

The CHAIRMAN: Yes, 2.30.

Mr. SPENCER: But not on the printing bureau?

The CHAIRMAN: No.

Mr. SPENCER: But on something else?

The CHAIRMAN: Yes, probably for consideration of an interim report, but let us not commit ourselves.

Mr. BELL (Carleton): It might turn out to be an "in camera" session.

The CHAIRMAN: That is right, yes.

Mr. Bell, would you proceed with the witness, Mr. Cormier?

Ernest Cormier (Architect and Engineer), called.

By Mr. Bell (Carleton):

Q. Mr. Cormier, when the committee rose yesterday we had turned to a consideration of contract number 6. This is the contract for which you submitted contract plans and specifications, you told us yesterday, on August 26, 1952. On what date did you submit an estimate of the total cost of that contract, and what was the amount of that estimate?—A. October 27, 1952. The amount was \$8,701,600.

Q. And that was submitted two days before the tenders were received?—A. Always.

Q. And that was some \$80,000 higher than the highest tender?—A. Yes.

Q. And approximately \$700,000 higher than the lowest tender?

By the Chairman:

Q. What was your answer?—A. I did not make that calculation he is talking about. There may be an error in calculation. You just subtract one from the other. Whatever that is, that is the difference.

By Mr. Bell (Carleton):

Q. Then, Mr. Cormier, in the contract as awarded for \$7,999,000 to Concrete Construction Limited of Montreal, were there any unit prices?—A. There were no unit prices.

Q. You say there were no unit prices?—A. I do not know, I have not the documents before me. The document is there.

The CHAIRMAN: Mr. Kemp, can you produce the document?

Mr. CHEVRIER: Well, are the plans here or are they in the public works' office?

The CHAIRMAN: The plans are here, Mr. Chevrier.

The WITNESS: May I be allowed to say something about my estimating difficulty, the difficulty of making my estimate compared with that of a contractor? Any contractors here will understand perfectly.

By Mr. Bell (Carleton):

Q. I think we will just follow this order.—A. That will be your last question on estimates and I would like to comment on that.

Q. I think you will have to answer many more questions on estimates.—A. Perhaps, but after this I do not know that I will.

Mr. Pickersgill: I wonder if we should not allow Mr. Cormier to make his comment.

By the Chairman:

Q. Go ahead and make it.—A. You see, a contractor starts to make his estimate the moment he has got the plans and specifications complete. In my office I cannot start my estimate before that date, because before that date the whole office is occupied in putting the document together, having the sets completed—about fifty sets that I have got to make—and all these specifications ready. So that I start at the same date as the contractor.

I have not got the facilities that the general contractor has. The general contractor makes the quantities for the work he intends to do himself. All the remainder of the work is done by asking for sub-contracts from others. Generally, he does not do the plaster work; generally, he does not do the ventilation, etc.... It is all to be given as sub-contracts; he does not do this estimating. So it is done by somebody else. A lot of firms are working on it. They make quantities and submit tenders, and the general contractor receives a price from the sub-contractors for a set amount, and the matter is very secret up until then.

The architect cannot use that facility, he must make in his office all the several estimates. He cannot have any help from the exterior. I cannot go to a plasterer and say: "What price are you going to submit?" That price is secret because he is afraid of some indiscretion and other tenders would know what his price would be. So I cannot have information on this. Then, I cannot get a price on material. People know I am working on the printing bureau and they will then know what it is for, so that the information I get from the suppliers is no good at all because they have got to hide something. So I have got to take a previous job, see what the unit prices are, and multiply them by the cost index.

I have got to make all the quantities myself, no help from the exterior. Then I put in my estimate two days before the general contractor puts in his with all the help of the other sub-contractors. It is quite a feat.

Q. Are you telling us, Mr. Cormier,—A. That only comes about 48 hours or three days at the most before the tenders are in.

Q. You are telling us that to indicate the reason that it only goes in—A. Very nearly the moment the tenders are opened.

Mr. CHEVRIER: But, Mr. Bell, if I may be allowed, that is the practice in many other departments of government today. The estimates go in a short time before the tenders are opened.

Mr. BELL (Carleton): I am trying to establish the reason for this rather lengthy explanation Mr. Cormier has given us.

Mr. SPENCER: That may be a practice we will have to change.

Mr. CHEVRIER: It may be, but it is the practice.

Mr. BELL (Carleton): It was the practice of the public works department, but now, the evidence is, this has been changed because of this printing bureau.

Mr. CHEVRIER: But a great deal has been made of that point, and I want to point out that in a great many government departments the practice is to ask the departmental architects for an estimate a short time before the tenders are opened.

Mr. PICKERSGILL: Perhaps Mr. Bell was not in the house yesterday, or he would have discovered that sometimes the estimates were not completed before the tenders were opened.

Mr. BELL (Carleton): What happened in the House of Commons yesterday will have to speak for itself.

By Mr. Bell (Carleton):

Q. Let us come back to the point you mentioned in your statement, Mr. Cormier, you mentioned how you achieved the estimate. You spoke of the multiplication of unit price. Now, in this particular unit contract to Concrete Construction Limited, I would like to know if there are any unit prices, because we have evidence before the committee that there were not?—A. No unit prices. Mr. Kemp tells me there are no unit prices.

Q. Then, will you tell me, Mr. Cormier, what basis was used for negotiation for the price of additions to that contract?—A. Every time there was a claim made by the contractor concerned giving the quantities, the unit prices used, I studied these and if found satisfactory I recommended to the department to accept them—just recommended. And then it would come to the department to be studied by the department estimator and have a favourable or unfavourable answer, and then adopted or refused. Some have been refused.

Q. In the absence of unit prices what test do you have as to the validity of the contractor's claim?—A. The knowledge of the estimator of the department who deals with all contracts all over Canada. He ought to know unit prices.

Q. I am only interested now in the knowledge of the architect, and perhaps you will confine yourself to that.—A. Well, the architect has not the final decision on that; I have no authority to authorize anything.

Q. I realize you have no authority, but you are the one who recommends it?—A. It is only after it goes through the Department of Public Works that the item is authorized.

Q. Do they act without the recommendation of the architect?—A. Yes. They do not accept my recommendation every time.

Q. I suggest they do ask for a recommendation from you?—A. The onus in accepting a price is not on me, but on the department.

Q. But the onus of making the recommendation is on you as the architect, is it not?—A. Yes. They do not follow my recommendation every time. I can show you—we were talking—

Q. Do not tempt me to say that they followed your recommendations too often.—A. Will you let me answer, please? I gave you an example the other day. I was not authorized to place my second unit of refrigeration, I was not authorized to put filters, on the recommendation I made to the department. They never accepted it.

Q. I am only asking you on what basis you made your recommendations for these additions?—A. The information I got from the market and the cost of the material there, and I applied what I knew of the percentage of labour.

Q. You had no unit prices to guide you?—A. No.

Q. On what date did you first consult, Mr. Cormier, with the dominion fire commissioner?—A. I did not know of his existence nearly through the whole work.

Q. You did not know of his existence?—A. No, but in the recommendation of Powers there were two articles on fire protection. That was my direction. If I had known there would be a fire commissioner I would have said: "Well, Powers consulted him". He did not take these recommendations out of the sky.

Q. Is it the obligation of the architect to advise himself with respect to all regulations that exist in regard to fire protection?—A. In regard to fire protection I have all the regulations from the fire underwriter, that is my bible for that.

Q. You did not know of the existence of this well-publicized officer of the Dominion government?—A. Not well publicized. That is not true. I was told at that time by the department, the first idea I had of a fire commissioner was when the works department told me there was one.

Q. Seven years after you had been retained?—A. Yes.

Q. As a result of the recommendation which the fire commissioner made, there were increases on this contract of, I believe, \$106,951, is that true?—A. That is not true. No, that is not in the building, that is on the park outside the building on the site development.

Q. On the site development? Was that not part of your responsibility?—A. An eight inch main and a number of hydrants.

Q. Was that not part of your responsibility as an architect?—A. Yes, but that was a very late recommendation and I never approved of that expense. The first thing the commissioner did was to study the building. I have always been under the impression, it is all over the place in Ottawa, that the connections that are put on the side of the building for outside connections were sufficient. It is sufficient all over Ottawa.

Q. Well, you are not in Ottawa, this is in Hull now?—A. Well, there is no fire commissioner that I know of in Hull.

Q. I am sorry, I did not catch that.—A. Are you questioning me on Ottawa or Hull?

Mr. CRESTOHL: General Young was questioned on that, Mr. Chairman.

Mr. PICKERSGILL: I wonder if I might raise a point. But, Mr. Bell, surely it was the duty of the dominion fire commissioner. I do not seek to criticize any civil servant. It was the duty of the dominion fire commissioner who was paid for the purpose.

Mr. BELL (Carleton): I think Mr. Pickersgill can give his testimony later on.

Mr. PICKERSGILL: This is a point I am raising about the proper examination of a witness.

The WITNESS: I think the fault was with the department in not telling me the fire commissioner existed at the start.

By Mr. Bell (Carleton):

Q. You say the fault was with the department?—A. Yes, if there was any fault.

Q. We have testimony that as a result of further conferences which took place between you and Mr. Cloutier, Mr. Cloutier said there were additions which totalled \$166,589?—A. Yes.

Mr. PICKERSGILL: That figure was amended by General Young the next day.

Mr. BELL (Carleton): Perhaps the figure was—

Mr. PICKERSGILL: It was increased, I think.

Mr. BELL (Carleton): I beg your pardon, I do recollect it was.

Mr. PICKERSGILL: I think it was a little over \$200,000.

Mr. BELL (Carleton): I took the figure from here, but my recollection now is that it was \$201,000.

The CHAIRMAN: It amounted to \$204,730.

Mr. BELL (Carleton): Yes, that is right.

Mr. CHEVRIER: Would you give us that figure again, please?

The CHAIRMAN: The figure is \$204,730. That was Mr. Cormier's estimate.

By Mr. Bell (Carleton):

Q. How many conferences did you have with Mr. Cloutier, Mr. Cormier?—
A. None, about the point you are raising.

Q. All right.—A. I have said before, that there was a committee formed in the printing bureau. That committee was named the technical research committee. The secretary was Mr. Kiefl. The members of that committee consisted of Mr. Rothwell, and Mr. Carroll. I believe that is in the record already.

Q. All right, Mr. Cormier.—A. Just a minute, please, I want to answer.

Later on Mr. Everett was a member of that committee. Mr. Everett is the printing bureau engineer now.

I had a number of meetings in my office with that committee. When Mr. Everett was appointed we met every Saturday for their requirements.

The CHAIRMAN: Order, please.

The WITNESS: At that time I wrote a letter that I would like very much to be included in the evidence, telling the story to that committee and, telling them what the consequences of their changes would be. That letter was written just after the nomination of that committee.

By Mr. Bell (Carleton):

Q. What date was that?—A. I will have to find the letter. That date will be included.

The date of the letter is March 23, 1954 addressed to Mr. Kiefl, secretary, the department of public printing and stationery.

By the Chairman:

Q. Do you want that letter on the record?—A. May I read it now? it will clear up a lot of things.

Q. Would you like Mr. Varcoe to read it?—A. I think so.

Mr. VARCOE: I am good at this.

The building of a new printing bureau being contemplated, upon the recommendations of the Queen's printer, the services of Mr. Mark E. Powers, printing consultant engineer, were retained by the Department of Public Works to make a survey of the present national printing bureau, its methods of production and make recommendations that should be followed in the preparation of plans for the proposed new printing plant.

In 1947, after completing his surveys, Mr. Powers made his recommendations in 135 pages of notes entitled Highlights on New Plant, Department of Public Printing and Stationery. He revised part of these notes on June 1, 1948.

On the 20 of May, 1948, I was appointed architect and engineer to prepare plans based on the recommendations and layouts of equipment proposed by Mr. Powers.

After numerous interviews, exchange of plans and layouts, the final preliminary plans were arrived at, and these were officially accepted and signed by both Mr. Cloutier, Queen's printer and Mr. Powers, in April, 1949 and adopted by the Department of Public Works on May 5, 1949.

The excavations were started on November 5, 1949 and, on January 23, 1953, a contract was awarded to Concrete Construction Company for the completion of the building in accordance with the accepted plans and specifications.

According to instructions received, I am not authorized to make any change to the accepted plans and specifications.

By a letter dated January 24, 1953 and signed by Mr. J. A. Kiefl, secretary, I was informed that, upon instructions of the Queen's printer, a sub-committee was formed consisting of Messrs B. E. Rothwell, J. P. Carroll and J. A. Kiefl, the functions of which are to plan the layouts of different units in the new printing bureau.

Mr. BELL (*Carleton*): Mr. Varcoe, may I just interrupt you here? What was the date that you were informed?

Mr. VARCOE: According to the letter, January 24, 1953, signed by Mr. Kiefl, secretary.

Does that answer your question, Mr. Bell?

Mr. BELL (*Carleton*): Yes. Thank you Mr. Varcoe.

Mr. VARCOE:

On February 24, 1953, at a first interview, a copy of the specifications was given to the Committee.

On January 22, 1954, at a second visit of Mr. Kiefl, I was introduced to Mr. Everett.

On February 23, 1954, I was advised by the chief architect of the Department of Public Works that Mr. Frank Everett had been appointed chief engineer of the Department of printing and that a set of plans and specifications had been given to him.

Since that date, I have had weekly interviews with Mr. Everett, at which various demands for departure from the expert recommendations of Mr. Powers have been expressed.

The contractor has withheld certain portions of his work which are under consideration, but he has reached a stage where any further delays will have financial consequences which will not be recognized by the Department of Public Works, whose instructions are very definite on the matter of changes to accepted plans.

It is therefore necessary that, for each specific request of changes, I should receive in writing such request stating why the recommendations of Mr. Powers have to be abandoned. These would substantiate the report that I will have to make to the Department of Public Works for a decision.

Yours faithfully,
Ernest Cormier,
Architect and Engineer.

By Mr. Bell (Carleton):

Q. So that is the basis upon which you ultimately made changes which cost \$204,000, Mr. Cormier?

Mr. PICKERSGILL: \$209,000.

Mr. BELL (*Carleton*): \$209,000, I beg your pardon.

The WITNESS: The figure is \$209,997.98.

By Mr. Bell (Carleton):

Q. Yes. That letter was written in 1954, six years after you were appointed?—A. Yes, but it is not the date of my letter that is important, it is the date of the appointment of that committee that is important. I could not make changes any sooner. The committee was not there. Nothing was asked of me.

Q. We are not disagreeing with you on that fairly obvious statement, Mr. Cormier.—A. All right.

Q. Would you direct your attention then to the additions to this contract which are set forth on page 115 of the testimony? Perhaps the chairman could show you his copy. I am not going to go into those in detail, Mr. Cormier, because I think my friend Mr. Chevrier will wish to do so. I thought I would be finished by this time.

May I ask first, in connection with those additions which I think we agreed totalled \$790,000, and with deletions came to \$703,000, if most of the additions could not have been foreseen by you at the time you delivered your final contract plans on August 26, 1952?—A. I would say none of them.

Q. None of them?—A. None of them could have been foreseen.

Q. All right.

Then, is it not true that one of the extras resulted because you had a sewer reverse and you had not consulted with the officials of the city of Hull to determine the proper connection?—A. I do not know. That decision may have been taken by Hull in the midst of our work. I do not know that.

Q. You do not know that?—A. You could know that only through the public works department of the city of Hull. I do not know. I was supplied with a layout of the sewers around the lot. That was supplied by Mr. Powers. It was part of my "bible". I did not have any inquiries in that regard. I had to take it blindfolded.

Q. You took it blindfolded?—A. From Mr. Powers. I had no authority to change anything from that.

Q. You had no authority to change anything that Mr. Powers set forth?—A. No.

Q. All right.—A. On questions of sewers, of course.

Q. Is it not the responsibility of the architect rather than the technician, as you have described Mr. Powers as being, for ascertaining these matters?—A. My orders from the department were to take the information given by Mr. Powers and translate that.

Q. Including architectural matters?—A. No, no. Why deform what I said? We read a document that lasted for 25 minutes the other day. You know very well that it is not that. Why ask that question?

Q. Do not start being truculent this morning.—A. We are losing time.

Q. Let the committee be the judge of that.

Mr. CHEVRIER: The witness is not being truculent at all. I think he is being an excellent witness and is giving you all the information you want.

The WITNESS: I would like to give you more facts if I have the time.

By Mr. Bell (Carleton):

Q. I would be glad to let you have all the time you want, but I have assured the steering committee that I will try to finish up. With your long answers I find it a little difficult. May I direct your attention to (g) on that headed, Site Development. The evidence which we had on page 168 indicates that the total cost of the site development was \$404,000 for which there had been included in the contract \$119,000, so that there was a net increase to the contractor of \$285,794.—A. Yes.

Q. Was it not a part of your responsibility as the architect to provide in the initial stages for the site development?—A. No. I was never told by the department to meet these people at all. It was only when I got the information that I submitted the plans to them.

Q. Did you not advise the department that site development was necessary to the extent of \$119,000?—A. Yes. At that time I had to deal with the F.D.C. My elevations were shown to them and accepted. There was a change of requirements which came later on.

Q. I see \$18,000 for sewers, manholes and catch basins. Is that a change of requirements?—A. I do not see that.

Q. You will find that on page 168.—A. Of course, offhand, and without finding anything on it just now, after the diagram—I mean the roadways and a quite extensive area of parking—of course if they increase the parking area it has an influence on the sewers and if you increase the lawn that decreases the sewers. There is no drainage for the lawns but there is drainage for roadways and sidewalks.

Q. There was a substantial amount of lawn put in, \$55,000 worth of sodding?—A. That was in the contract.

Q. In the additions?—A. Yes; in the additions.

Q. I am going to leave that because I am sure my friend, who examined General Young on these additions, will be examining on this point. Would you tell the committee the date on which you made your first estimate on the total cost of this building?—A. I would have to go to Montreal to see that. I do not have that here. You probably have it.

Q. Did you make an estimate?—A. I do not know.

Q. Mr. Chairman, I do not see Appendix "C" in my file. Was that not printed.

Mr. CHEVRIER: What was that?

Mr. BELL (Carleton): The order in council appointing Mr. Cormier. It is indicated in the minutes at page 317 that it is being printed as an appendix. My copy does not have it.

The CHAIRMAN: I have just been informed that on the evening that it should have been sent to be included in the evidence, the Clerk of the committee went to bed with the 'flu and probably did not attend to it.

Mr. BELL (Carleton): May I have a copy? This is the order in council dated May 28, 1948, P.C. 2234 which was to have been printed as an appendix to the minutes of August 26.

The CHAIRMAN: You are asking that it be printed now and attached to the minutes?

Mr. BELL (Carleton): Yes. Mr. Pickersgill took exception to any examination on it without its being included in the minutes. I refer to one paragraph of it on the point on which I am now examining the witness.

Mr. SPENCER: May we also have the letter to which reference was made. There is a letter of May 26 and Mr. Cormier's reply of May 28. I have a question based on that letter.

The CHAIRMAN: It is Appendix "C".

By Mr. Bell (Carleton):

Q. I am reading from this order in council which sets forth the basis of your agreement. It says this in paragraph 2(b)(1):

The fee is to be due and payable as follows:

- (1) For services rendered up to and including preparation of sketch drawings approved as to general layout by the Department of Public Works, also estimate of cost based upon cubic foot measurement, 1 per cent of the estimated cost.

That was the basis upon which your fee was to be allowed, as set forth in the order in council?—A. Yes.

Q. I am asking you then, on what occasion did you present such an estimate as was contemplated in the instructions which the governor in council gave you?—A. I do not have the document here. I cannot answer.

The CHAIRMAN: Will you make a search?

The WITNESS: Yes; and I will answer the question then. But I believe all these documents are here.

By Mr. Bell (Carleton):

Q. We have been told they are not. I want to go on. In an alternative method of payment, it provides if it is decided after receiving your estimate that the department will not go ahead with the building— —A. Is it stated there?

Q. Yes—they will pay that when it is published. The question I put again to you is this: Did you present an estimate of the total cost as you were instructed so that the department could ascertain whether, on the basis of that total over-all cost of the building, that they should go ahead or not?—A. I do not know. I could find out in my records.

Q. All right. In the minutes at page 403 you read a statement to the committee and I would have examined you immediately on that if I had caught it at the time. In connection with the excavation you stated this:

Consequently, my estimate was \$282,500 made up as follows: 70 cents per cubic yard for the material down to elevations 143 and 146, and a further cost for excavating the balance in case water was found at elevations 143 and 146.

That is the statement which you read to the committee on Wednesday night. May I direct your attention to the letter which you were so anxious to put in the evidence. It appears in the evidence at page 322.

Mr. PICKERSGILL: Did you say Wednesday night?

By Mr. Bell (Carleton):

Q. Yes. You will find the first statement in the middle of page 403. This is the letter of May 16. The date is not given here in the record, but I believe it is May 16, 1949.—A. The date is right.

Q. This is a letter to the chief architect of the Department of Public Works:

Complying with your request I beg to state my estimate for the general excavation for the proposed printing bureau in Hull is as follows: class A, 5,000 cubic yards at \$5.90; class B, 110,000 cubic yards, \$2.30, or a total of \$282,500.

—A. Yes.

Q. And the statement you made at page 403 of the printed record:

However, I did not, in making my estimate of the cost of excavation, exclude the possibility that the whole area would have to be excavated if there was water. Consequently, my estimate was \$282,500 made up as follows: 70 cents per cubic yard for the material down to elevations 143 and 146, and a further cost for excavating the balance in case water was found at elevations 143 and 146.

—A. That is right.

Q. Will you tell me then how you reconcile those two statements, and where, in your letter reporting to the department, there is any mention made whatever of the figure of 70 cents per cubic yard?—A. I have been all over that many times when Mr. Walker was questioning me.

Q. Will you please do it once more.—A. It will give me another chance to make errors. I would respectfully refer you to the evidence which I have already given on it.

Q. I have gone back to the evidence and I do this in fairness to you, because there is clear error between those two statements. So I think in fairness to you you should clear them up.—A. Very well. I was very much criticized here on the \$2.30 unit price which I used to apply on this quantity. I was very much criticized.

I said to this committee that I made three or four different ways of figuring on what could happen on that, and that the \$2.30 was an amount high enough to cover any eventuality.

For example, if water was present and we had to go down to rock, it would cover the cost. It happened that in doing that, I figured 70 cents for the earth, and the remainder for the excavation down to rock with water.

Q. Yes.—A. That is how I arrived at that figure; and I divided my general cost by 110,000 cubic yards, and that gave me \$2.30, and that is what is put in there.

Q. That is the way you reconcile those two statements?—A. Yes.

Q. Very well, I shall accept your explanation at this stage.

By Mr. Spencer:

Q. Why was that not conveyed to the department?—A. It was useless. I told them to establish two hundred and eighty thousand for the excavation.

Q. Why did you not explain to the department what you explained to the committee today?—A. They have expert estimators in the department and they never questioned it. They know their business and they never asked me about it.

By Mr. Bell (Carleton):

Q. That is your total explanation in the way of reconciling those two statements?—A. Yes.

Q. All right. Now I have one last question: why, Mr. Cormier, did this building take so long to build?—A. It did not take long at all.

Q. You say it did not take long at all.—A. Not if you refer to the quantity of material which was put in; I cannot think of any concrete contractor who could make a concrete structure as fast as this one has been made.

Of course there could be more cubic yards produced during the week, but only if they were building abutments or wharves, or things of that kind. But with a concrete structure, in the form of a building, you could not do better than we did.

There are contractors here who can give you the number of cubic yards of concrete we poured every week.

Q. We have had evidence given that a building of this type, from the start of the excavation to its completion, should be completed in three and one half years, whereas it took you ten years. Yet you think that is all right. That is your opinion, that ten years is the correct time to build a building of this size?—A. Yes, provided we did not have all the delays.

Mr. CHEVRIER: Let the witness answer the question!

The WITNESS: Yes. There were delays which should be deducted from the 20 years or whatever the fantastic figure was that you put in.

Let me tell you what the delays were: first there was a flood which occurred on April 16, 1951 and lasted until May 18, 1951.

Then there was the steel controller.

By Mr. Bell (Carleton):

Q. I think you said that there was only one occasion in 40 years when Brewery creek had gone up.—A. Yes, but it did not come up to the figure shown on the plan.

Q. It just went up to the level as shown in some of the newspaper pictures we have been seeing in the last few days?

Mr. CHEVRIER: You asked what the delays were, and when he starts to tell you about them, you interrupt him.

The WITNESS: The steel controller was the cause of a further delay from May 1st, 1951 until November 19, 1951, six months; because, after six months, the steel came in a little bit faster.

Then there was the liberation of the site; all the old buildings were to be demolished by public works, such as the Pilon lumber yard which was to be vacated; yet it took a year and six months to have that lumber yard vacated.

By Mr. Bell (Carleton):

Q. The excavation had been done before that?—A. Not all, not on the Pilon site.

Q. There was excavation started before they had occupancy of the property.—A. Except the Pilon part; there was still work to be done on the Pilon property, not the general excavation, but the other excavation, that was required by the Federal District Commission for a park.

By Mr. McGregor:

Q. The work was still being carried on.

The CHAIRMAN: Please, Mr. McGregor.

The WITNESS: We had lots of protests from the contractor all the way along.

The CHAIRMAN: The witness is proceeding to give his reasons for the delays.

The WITNESS: There was the liberation of the site; and I said that for a year and six months after the contract was awarded, he was on the site.

The Federal District Commission made eight revisions of the site and it took one year.

Mr. F. P. VARCOE, Q.C. (*Counsel for Mr. Cormier*): Those eight revisions occurred in one year.

The WITNESS: Yes; they were on the work that was covered by the Federal District Commission; I am speaking of the site development.

The CHAIRMAN: Let him answer. You said there were eight revisions.

The WITNESS: Yes, there were eight revisions.

By the Chairman:

Q. What is the next one?—A. I totalled this, and I see two years in all. To prove that this is right, the contract was finished on the date it was supposed to be finished except with respect to the site development, and this took one year.

By Mr. Bell (Carleton):

Q. During much of those two years that you spoke of, the work was going on in relation to the contract.—A. Yes, the work was going on, but not counting the delays.

By Mr. Pratt:

Q. I wonder if Mr. Chevrier would permit me to ask one brief question. We have been referring to a statement made at page 403 of the evidence. I wonder

if the witness would care to read line twelve and tell us if that is what he really meant.—A. No. I cannot do it. I cannot read it. Why don't you read it and then I will answer you.

Mr. CHEVRIER: I do not think that one line should be taken out of context.

If you want to read the letter and ask questions, that is a different thing. But if you take one line and read it out of context and ask a question, I do not think that is the proper way to proceed.

Mr. SPENCER: It has not been established yet that it has been taken out of its context.

Mr. PICKERSGILL: I would like to draw attention to the fact that there was an understanding that when Mr. Bell completed his examination, Mr. Chevrier would then be allowed to proceed.

I have no objection to Mr. Pratt proceeding, but I would like to make it clear that it is neither Mr. Chevrier nor I who is delaying the committee. Those allegations are in our records.

The CHAIRMAN: It has been agreed that Mr. Chevrier should follow Mr. Bell. I wonder if Mr. Pratt would mind delaying his question until Mr. Chevrier has finished? We have had no questions asked from this side of the room for two or three days.

Mr. PRATT: I wish to ask my question in the interests of Mr. Cormier himself.

The CHAIRMAN: There are a great many members of the committee who also would like to ask questions.

Mr. PRATT: Well, I am on record that I have asked the witness to correct line 12 if he so wishes. Otherwise, we shall keep line 12 as evidence.

Mr. CHEVRIER: I would like to make a short statement before I proceed to examine the witness, in the hope of saving the time of the committee.

I would like, with your permission, to say at the outset that there seems to be a great deal of difference of opinion between Mr. Walker, Mr. Bell, and ourselves concerning the excavation contract. In other words, it seems to be the impression and the opinion of members on the other side that the first contract for excavation should have gone down beyond the level 143-146, that is right down to hard pan or hard rock, at the price of 50 cents per cubic yard. The contention that we have argued in favour of all along is the contrary; namely that the contract which Miron got was a contract to go down to elevation 143-146, for which he was to receive 50 cents per cubic yard, and that is for rock. I have now before you for the first time the contract that was entered into between Miron & Freres and the Department of Public Works.

Mr. BELL (Carleton): Mr. Chairman, surely a statement such as this at this time is improper. We are now engaged in examination of witnesses. Mr. Chevrier commenced the last time, when dealing with General Young, by making a lengthy statement; and he now apparently proposes to make a statement in which he is giving testimony. I suggest he be confined like the rest of us have to questioning the witness and bringing out the evidence and we will then argue the evidence at a later date.

Mr. CHEVRIER: I did not make a lengthy statement originally; they were short, and my examinations of the witnesses have not been long. You have questioned for six days on examination of one witness; exactly six days.

Mr. BELL (Carleton): No.

Mr. CHEVRIER: Yes you have.

Mr. SPENCER: We just started on Monday.

Mr. CHEVRIER: Count them—six days.

Mr. BELL (Carleton): Monday to Friday is five days.

Mr. CHEVRIER: And with the extra sittings, six days strictly speaking.

Mr. PICKERSGILL: And with no interference from us.

Mr. CHEVRIER: What I am doing now, I desire to put in evidence a document which heretofore has not been put in evidence.

Mr. BELL (*Carleton*): Ask the witness about that, that is the way to put a document in evidence.

Mr. CHEVRIER: After I put it in evidence I intend to ask the witness about it. I am somewhat surprised that you, who had these documents did not put them in before. The document I propose to put in evidence is a contract signed by the Department of Public Works between Miron & Freres and the department covering the excavation; and it is clearly stated in this document—

The CHAIRMAN: Order, please.

Mr. SPENCER: How does he get this document in; it is a document between the department and—

The CHAIRMAN: Let him finish his statement.

Mr. CHEVRIER: And it is stated the prices are to be as set out, 50 cents and \$3 in accordance with the plans and specifications; and here is a plan and here are the specifications where it is stated the contract should go down to level 143 and 146; and I am putting into evidence a contract which has never been put in before, together with the plans and specifications.

The CHAIRMAN: P-24.

Mr. BELL (*Carleton*): You cannot put that on record as testimony; I object to Mr. Chevrier giving testimony himself as he has been doing here. Let him ask the witness and carry on the way which we have done.

Mr. CHEVRIER: If there is any objection I will have to call General Young in and ask him if that is not a correct plan and specification; and perhaps I had better do it right now, so there will not be any further difficulty about it.

The CHAIRMAN: Is there any objection to the production of the plan?

Mr. BELL (*Carleton*): No, but I have objection to Mr. Chevrier interpreting documents in the way in which he has.

Mr. CHEVRIER: I am not interpreting the document; I am simply stating what is in them, and these are documents which you had in your possession and I did not see them until yesterday.

The CHAIRMAN: If there is no objection, P-24 has been produced.

Mr. CHEVRIER: Then I want to examine the witness on that document, and I would also like to examine the witness on the question of air-conditioning. It has been stated in evidence here that about \$13 million has already been spent on the building and the grounds as compared with the original low bids of over \$10,800,000. The present government is proposing to spend another \$800 million this year.

The CHAIRMAN: \$800,000.

Mr. CHEVRIER: \$800,000 or about 6 per cent of the total cost of the building to date. That money has not yet been spent. That is the only place where this committee might actually save the taxpayers some money on the project.

Mr. SPENCER: Where is your question?

Mr. CHEVRIER: We have Mr. Cormier, General Young, and Mr. Moffatt who is an expert on air-conditioning; and it should not take so long from these witnesses to find out whether \$800,000 must be spent to correct the air-conditioning or whether it can be done, as Mr. Cormier has suggested, for \$30,000 for the office area.

Having stated that, I would like Mr. Cormier to take the exhibit, which has just been filed.

Mr. DRYSDALE: This is all in French; I have a little difficulty.

Mr. CHEVRIER: You have a couple of experts there.

By Mr. Chevrier: .

Q. Mr. Cormier, would you look at the specifications and tell me whether these are your specifications for the excavation contract?—A. Of course, the specifications here are probably transferred and then translated by the department; and my specification is given in English, and it is in French because probably Mr. Miron did not understand English.

Q. Then would you look at the plan which you have attached to the specifications and tell me to what level the contractor was required to go?—A. 146 and, 143 for a portion.

Q. And would you also look at the contract and see—rather, were you asked to approve of this contract?—A. No.

Q. Well then, I come to a question which was one of the last asked of him by Mr. Bell a moment ago dealing with this very matter. First, can you tell me from your records how many cubic yards were excavated by Miron & Freres in order to get down to rock?—A. I believe I have got that here. Oh yes—I saw that this morning. Are you leading to the average price?

Q. I am leading to the average price. What I wanted to know first of all is what amount of excavation there was; and next, what was the average price of this excavation?—A. Well, could I answer in the reverse?

Q. Yes?—A. The average price for excavation performed is \$1.03 per cubic yard, so if we divide the amount paid by \$1.03 it will give you the figure.

Q. Is that for class A material?—A. Yes, class A material—I am sorry, class B material—boulders are class A.

Q. And is that in your opinion a fair price, having regard to circumstances under which the work was done?—A. I believe it is an extraordinarily fair price, because if it had been only earth we have a bidder in the first place who asked for 95 cents a cubic yard for ordinary earth down to 146. There was, you see, 8 cents more to dig down with clay and water, down to rock. That is extraordinary.

Q. Now, I would like to leave that for a moment and come back to it later; and, perhaps, we could enter the field of air-conditioning for a moment. Mr. Cormier, when did you first meet General Young to discuss the printing bureau?—A. The first and only meeting unfortunately, which I had with Brigadier General Young was on June 28, 1956. That is in the instance of the draft at the back of the judge's head, for the supreme court.

Q. And do you mean to say that from the time you were appointed architect until 1956 you had no discussions with General Young?—A. I had always a desire to make his acquaintance the moment he was put in office, but I had no business deal to make with him. I was so busy I did not have time.

Q. Did he ask to see you?—A. I am sure if I had known him before, a lot of those questions would not arise.

Q. Did you at any time—you said earlier that the occasion of the meeting was to discuss something concerning the Supreme Court building?—A. In his office, yes, I will explain what we did that day. There was a meeting in the board room of the public works department to deal with the Kennedy report on John Colford's work, and after that meeting I was called to General Young's office with Mr. Mills to get a criticism on the job there.

Q. Did you have any discussion with him concerning the printing bureau at any time?—A. No, I did not answer his criticisms.

Q. Was the air conditioning discussed at any time?—A. No, not before.

Q. When were you first told that the air conditioning was not satisfactory?—A. That was an article of Mr. Jackson's in the *Journal*.

Q. Do you remember the date?—A. Oh no. It was months before all this came up.

Q. Was it in 1958?—A. I do not know.

Q. What did you do because of that article?—A. Well, on the week following I went to see Mr. Cloutier. He was not there at the printing bureau, at the time. I saw Mr. Rothwell, the production manager, about these tales that were put in the paper. He said: "Oh, never mind. In a plant where you have got 1,200 employees there is bound to be somebody who is not satisfied. Disregard that entirely." And I went back to Montreal very satisfied. The users of the building were pleased.

Q. The reaction of Mr. Rothwell was to the effect that the employees— — A. Some.

Q. —some employees were not satisfied?—A. Some, not all. Even now not all employees are complaining, only always the same few.

Q. Was your plant designed for air conditioning vis-à-vis the paper, or with reference to the employees?—A. The basis of the design was given me by Mr. Powers and I had to abide by it, and it is 80 degrees with 55 per cent relative humidity. I had conversations with Mr. Powers to get an explanation.

Mr. CHEVRIER: Mr. Chairman, I do not want to protest, but it is pretty hard to examine a witness when everyone is talking. We gave Mr. Bell every courtesy when he was examining the witness. While I know there has got to be a certain amount of talking at a meeting such as this, it gets more and more difficult when voices are raised.

I hope the committee will not think I am protesting because people are talking, but it is hard to examine on that basis.

Mr. SPENCER: I do not hear any more than when Mr. Bell was questioning.

The WITNESS: I asked Mr. Powers about that basis of design and he explained: "We are building a printing bureau, we are not building an office building nor an apartment, so that we must create conditions for the interests of the best ways of printing". And he explained—I will finish in just a second—he explained that when the printing bureau bought paper they insisted on checking the moisture content of the paper. That is generally 5.5 per cent, and if we want to maintain that moisture in paper, we must find an atmospheric condition when that paper will be in equilibrium. It is easy to figure for anybody knowing the science of thermo dynamics applied to that that it corresponds to a condition of 80 degrees and 55 per cent relative humidity.

By Mr. Chevrier:

Q. Was Mr. Powers in Ottawa at that time?—A. Oh yes, that was just at the start of our dealings.

Q. How long did Mr. Powers remain in Ottawa to discuss air conditioning with you concerning the printing bureau?—A. He did not go further than his selection of the basis of the design.

Q. What I am trying to say is that during the course of the designing of that air conditioning facility for the printing bureau, was Mr. Powers always available for discussions and advice?—A. Oh yes, we agreed. We only disagreed—the difference between our two opinions was at the start he wanted to put the air conditioning unit on the roof of the building, and for structural reasons and danger of flooding the sections down below, flooding the printing equipment, I wanted to put it in the basement.

Another idea that I had was the chilled water that I had to carry up to the roof level to this equipment. I did not want to increase the length of it and have more insulation to do. So he agreed finally that I put it in the basement and he yielded to that.

Q. May I then come back to this question that I asked you on air conditioning: when was the first time you were told about air conditioning? You replied that it was because of this article in the *Journal*, you came to see Mr. Rothwell who told you— —A. And the articles continued, so that a week after I went to see Mr. Cloutier.

Q. That is what I am leading up to. What other conversations did you have, or contacts with public works or the Queen's Printer concerning air conditioning after your conversation with Mr. Rothwell?—A. Well, on air conditioning I never had any question by the Department of Public Works.

Q. No questions from the Department of Public Works on air conditioning?—A. At that stage. I went to see Mr. Cloutier. Mr. Cloutier was very emphatic about saying about the same thing that Mr. Rothwell did of several of his employees that complained. He said: "You just go to their homes and see what they are." I cannot repeat here what he said about these homes.

The CHAIRMAN: Well, do not repeat it, then.

The WITNESS: He said: "No, never mind them, they will calm down after a while."

By Mr. Chevrier:

Q. Was that as far as you went in so far as discussions about air conditioning in the printing bureau were concerned?—A. Yes.

Q. Discussions with Mr. Rothwell and discussions with the Queen's printer?—A. Interviews, not discussions.

Q. Those were the only two people whom you saw?—A. Yes.

Q. Did you make any recommendation at that time, or thereabouts, concerning air conditioning?—A. Not at that time, that came later on.

By Mr. Bell (Carleton):

Q. That came when?—A. Later on. That came—well, I can give you the date exactly if you want it.

By Mr. Chevrier:

Q. Yes, I think we should have it?—A. There was an interview with Mr. Everett a few weeks before this date when he wanted to change the 80 degrees and 55 per cent relative humidity.

Q. Wanted to change it to what?—A. Well, it was not decided. He hesitated between 72 degrees and 50 per cent relative humidity or 75 degrees and 45 per cent relative humidity. I pointed out to him that it was bad for the paper.

Q. What date was that, Mr. Cormier?—A. This was a week before this meeting.

Q. About what time?—A. February 7, 1956.

Q. You say that if that recommendation had been carried out it would have been bad for the paper?—A. Yes.

On February 7, 1956 there was a meeting on the job with J. J. Jeffries, representing me—he was one of my engineers—George Colford, vice president of the John Colford Company, who were the contractors responsible for the air conditioning.

Q. Let us get that clear before you go further. The John Colford Company was the contractor who put in the air conditioning?—A. They were responsible, according to my specifications, to give me 80 degrees and 55 per cent relative humidity.

Q. Yes. You say that you had a meeting on the job with these people?—A. Yes. There were others. There was J. J. Jeffries, from my firm; George Colford, vice president of John Colford Company; Paul Menard, foreman for

the John Colford Company; Mr. Kennedy, an engineer from the Department of Public Works; Mr. C. W. Brown, superintendent of the Concrete Construction Company and Mr. R. L. Ravary, professional engineer working for the Concrete Construction Company.

They tested the air conditioning installation there. At the end of the meeting they were agreed that we could reach 80 degrees with 55 per cent relative humidity with the existing equipment, which is one half of what I had in my scheme. Mr. Kennedy is here.

Mr. BELL (Carleton): What date was this meeting?

Mr. CHEVRIER: This was on February 7.

The WITNESS: February 7. Let me finish, please.

By Mr. Bell (Carleton):

Q. I am sorry, I did not understand you. The meeting was February 17 of this year?—A. February 7 of 1956.

Q. Yes. Thank you.—A. George Colford saw that we were using another plumber to make connections to various equipment that was installed by the printing bureau on the job and he got mad. He tried to run out of the meeting. He was brought back when he was told that we would adjourn the meeting to Mr. Gardner's office.

There was a big meeting there. Mr. Elliott was present.

By Mr. Chevrier:

Q. I want the date of that meeting in Mr. Gardner's office.—A. It was the same day.

Q. It was the same day?—A. It was the same day.

Q. Who was present at that meeting?—A. Mr. Elliott from the Department of Public Works; Mr. Sterling, the electrical engineer from the Department of Public Works; Mr. Kennedy, who is here, the mechanical engineer from the the Department of Public Works; Mr. Freeze from the Department of Public Works; Mr. Jeffries, representing me; Mr. George Colford; Mr. Paul Menard, the foreman for the John Colford Company; and Mr. Ravary.

Q. What transpired at the meeting?—A. From the report, all persons present were convinced that the system as installed had attained the temperature and relative humidity required by the specifications. That is, 80 degrees and 55 per cent relative humidity. However, that condition was not agreeable, and was not comfortable to the employees.

Mr. BELL (Carleton): Would my learned friend permit me to intervene for a moment?

By Mr. Bell (Carleton):

Q. Is this information contained in a written document, or on what basis is the witness giving this testimony. As I understood it you were not present at this meeting.—A. My engineer was.

Q. Is there a written report, and if so, could we see it?

Mr. CHEVRIER: Yes.

The WITNESS: I took notes when I left my office. I did not bring all of my files.

Mr. BELL (Carleton): Was the witness present? I understood him to say he was not present but that Mr. Jeffries was there to represent him.

The WITNESS: I am going by what Mr. Jeffries said.

By the Chairman:

Q. Mr. Jeffries made a report to you?—A. More than that. I have another report from Mr. Ravary confirming that.

Mr. BELL (Carleton): I only wish to get the best evidence, as my learned friend appreciates.

Mr. CHEVRIER: So do I. We want to get the best evidence. I should draw to the chairman's attention and to the attention of the members of this committee that we heard evidence at the beginning of this investigation which was hearsay to a large extent. This is not hearsay evidence because it is based on notes and reports that the witness has.

Mr. BELL (Carleton): All the evidence that was given at the beginning of the investigation was based on documents in the files of the Department of Public Works.

Mr. CHEVRIER: Oh, no, much of that information was not even based on documents.

Mr. BELL (Carleton): Oh, yes, however, we are getting off the subject here. I want to make sure that this evidence we are now getting is based on some document which is available to this committee.

Mr. SPENCER: This is only hearsay evidence.

Mr. BELL (Carleton): It is all hearsay.

The WITNESS: This evidence is based on two reports; one from my engineer, Mr. Jeffries, and another which is a copy of a report from Mr. Ravary, professional engineer for the Concrete Construction Company. I have it somewhere here. The two coincide entirely.

Mr. CHEVRIER: You had reached the point where you said that all persons who were present at the meeting were convinced that the temperatures 80 degrees and 55 per cent could be attained?

The WITNESS: But for some persons it was not comfortable. Mr. Ravary has established that Mr. Everett, engineer for the printing bureau, would determine the limits required.

Mr. SPENCER: May I interrupt on a point of order. This is completely hearsay evidence.

The WITNESS: No.

Mr. SPENCER: I am speaking to the chairman. This is completely hearsay evidence as now related to us. This is a report made to the witness by somebody in his employ about something which occurred at a place where the witness was not present. He started to refer to statements made by Mr. Gardner. Mr. Gardner was a witness before this committee and the proper time to have this evidence brought out would be when Mr. Gardner was here.

Mr. CHEVRIER: In the first place this is not a court of law although perhaps it might have been conducted at some points as a court of law. This is a committee of the House of Commons where the strict rules of evidence are not applicable. Therefore, I submit, with deference to the chairman and the committee, that this witness should be allowed to tell his story. He has been examined here for about five and a half days, or more, and he has reports on the air conditioning. This committee should be told everything in connection with the air conditioning. There is nothing I want this witness to hide in the slightest degree, and if this committee is anxious to hear the evidence about the air conditioning, let the witness carry on.

Mr. SPENCER: Let us have the best evidence. There is no disagreement about having the best evidence where it is available. Mr. Gardner and the others who were at the meeting are available.

Mr. CHEVRIER: He is not available.

Mr. SPENCER: He was available.

Mr. PICKERSGILL: Mr. Chairman, we were told Mr. Kennedy was at this meeting and I believe he is in the room now. I would suggest that perhaps, as soon as Mr. Cormier has finished his statement, that we let Mr. Kennedy, who is present at the meeting, give his testimony to determine whether he disagrees in any respect with the witness. Or, alternatively, if Mr. Spencer wishes, we might recess Mr. Cormier and examine Mr. Kennedy right now.

Mr. SPENCER: You appreciate how impossible it is for anybody on this side to ask Mr. Cormier to enlighten us or clarify anything he mentions because his answer then will be, "I was not there".

The WITNESS: I was there by Mr. Jeffries. You mean that I must not testify on anything but my own presence on the job.

The CHAIRMAN: Gentlemen, I think we can solve this.

Mr. PICKERSGILL: Mr. Walker examined General Young for several days on what happened in his department for several years before he ever had any contact with the department and we on this side took no exception.

An hon. MEMBER: Based on official documents.

Mr. PICKERSGILL: Based on a careful selection of documents which at that time were not before us.

Mr. BELL (Carleton): I object to such a statement being made.

Mr. PICKERSGILL: I was speaking on a point of order. I say we did not object. I say that these documents were not before us. I do not blame General Young; I blame Mr. Walker. They were not before us when this examination took place. The present witness has a report in his possession and in his files, of this meeting. He was responsible for the employees who attended the meeting. It seems to me, considering what has already taken place in this committee, that it is utterly ridiculous to make a point about the character of the testimony that was being given by the witness particularly when we had another long submission.

Mr. SPENCER: That report could have been written yesterday for all we know.

Mr. CHEVRIER: That is a very unfair remark.

Mr. SPENCER: It is not. It is a fact; is it not?

The CHAIRMAN: There is no point in continuing this argument further. The witness is a responsible witness and is basing his statements on certain reports given to him by two employees sent to the meeting for that purpose.

The long-range object is to try to find out whether we can save any money. At the present time there is a possibility that we could save \$600,000, which is a matter of extreme interest to the taxpayers. In the circumstances we have allowed "freewheeling" throughout this committee in order that no one could attack us for keeping out any evidence.

I think it is rather late in the day to become extremely technical on these points. The witness is speaking in good faith and if he makes a mistake we can check him up later. I would suggest that we let him go ahead.

The WITNESS: I will read about the end of this meeting in Mr. Gardner's office.

Mr. Gardner established that Mr. Everett, engineer of the printing bureau, would in the future determine the limits required for the air conditioning; either 72 degrees temperature and 50 per cent relative humidity or 75 degrees and 45 per cent relative humidity. It shows they did not know what they wanted. Even Mr. Everett could not select what they wanted.

By Mr. Chevrier:

Q. What was finally determined?—A. It is not determined up until now, to my knowledge.

Q. It has not yet been determined?—A. I do not think so. I do not know what orders Mr. Moffat had. I was kept far from that project since then.

Q. In your opinion, Mr. Cormier, what effect on the paper would these two alternative degrees have had; that is, either 72 degrees temperature and 50 per cent humidity or 75 degrees temperature and 45 per cent humidity?—A. That would not maintain a good paper equilibrium for printing.

If you have three coloured prints to make on the same track, you must have the paper perfectly registered and even, so that all three colours will superimpose.

If there is the slightest movement by way of stretch or shrinkage, you cannot make a good print. But it does not have the same importance for newspapers. They are interested in moisture only to the extent that the paper will not tear in the presses; and they do not do as fine work as we do in the printing bureau.

So I maintain that 72 and 50 will not be convenient, or 75 and 45 will not be convenient.

Q. Can you tell me if at that time you made any recommendations?
—A. No.

Q. You did not?—A. There was a conversation with Mr. Cloutier. He wanted to reduce the temperature in the office part of it; it could be done for a very small amount, perhaps \$30,000, or a very small amount.

Even in the board room of the Department of Public Works, they chill everybody there, with a refrigeration unit but they raise the windows, and it does not cost \$700,000 to do that.

Q. What do you mean when you say "the office part"?—A. That would be the office.

Q. Is that in the front part of the building?—A. Part of it is, the actual office of administration.

Q. Can you tell me what conditions would have resulted had your recommendations been carried out at the start?

Mr. BELL (Carleton): Which recommendations?

The WITNESS: In my original design I made reference to two refrigeration machines of 400 tons, but the standby machine was cancelled out because of the general policy to reduce the cost of the building.

Since then I have insisted and insisted I do not know how many times. My first letter was dated August 15, 1955. I wanted to install my second machine for \$137,036.03.

By letter dated August 15—the same date—a proposal was made amounting to \$41,052 for self cleaning air filters, but I never got permission to install them. Now they are going to spend \$700,000 to install them.

By Mr. Chevrier:

Q. What was the total?—A. \$41,052, and making a total of the first and second, it was \$178,088.03. If it had to be done today, it would have to be increased by the cost index. That was in August 1955.

By Mr. Bell (Carleton):

Q. What would that increase be?—A. Compare that with the \$700,000 they are asking for.

By Mr. Chevrier:

Q. Mr. Bell asks if you have any idea what the increase of that amount would be?—A. Have you got your index there?

Q. May I continue with the question and ask you what conditions would have resulted if your recommendations had been put into effect? You say your recommendation was to instal two units each of 400 tons.—A. Yes.

Q. But in the end, only one unit was installed?—A. Yes, and it is badly operated. The last time I visited the printing bureau I went to see the various units of air conditioning. I put my hand in the heat exchanger and there was at least one-sixteenth of an inch thickness of dust in it. Once there is dust inside, it is not efficient any more.

By Mr. Bell (Carleton):

Q. It was as badly operated as the Supreme Court installation of which we saw pictures last night.—A. That has been cleared out in my previous testimony.

By Mr. Chevrier:

Q. Is this air conditioning unit a delicate instrument?—A. No. I think the only delicate part of it would be the control equipment, and we use the very best ones, the Honeywell and the Johnson and the Power. They are the very best. They are delicate instruments, but they are very good.

Q. Have you read the evidence as to the alleged defects in the present system?—A. No. I was kept away, apart from it. Everything is secret now. I cannot get information anywhere.

The CHAIRMAN: We are talking about the printed evidence, Mr. Cormier.

The WITNESS: No, I could not read all that.

By Mr. Spencer:

Q. You were here at the time.—A. No, I was in Montreal.

By Mr. Chevrier:

Q. Do you know what the alleged defects were in the present system of air conditioning, or what they are?—A. No, I do not.

By Mr. Nasserden:

Q. Then how could you figure that you could correct them for \$30,000 if you did not know what they were.—A. I do not know the defects.

By Mr. McGregor:

Q. Yes, if you do not know what the defects are, how could you estimate that you could correct them for \$30,000?—A. Oh, they have been tampering with it for two years so that the system there now is not mine at all.

By Mr. Bell (Carleton):

Q. Because your system would not work!—A. It did work, and we proved it. Mr. Young paid the contractor, and that proves that it must have worked.

Q. You proved it in February. All your tests were made in the month of February.

By Mr. Chevrier:

Q. How much was the sub-contract for the installation of the refrigeration system?—A. Two items.

Q. Yes, two items?—A. There is an item of air-conditioning and ventilation—that is all the duct work that is not air-conditioning.

Q. Yes, how much?—A. \$357,500.

Q. Yes?—A. Plus the refrigeration—just a minute, I will find it. Refrigeration—\$115,672.

Q. And who is the contractor or the subcontractor?—Q. John Colford.

Q. Now, do you know whether— —A. Now, I can tell you what was sublet to Ernest LeBlanc for ventilation—\$352,300. You must deduct that.

Q. \$352,000 and how much?—A. That is for all sheet metal work.

Q. For all sheet metal work. Now was there any objection raised at the time by the Department of Public Works after you had turned over the building to the subcontractor Colford?—A. Well yes, oh yes.

Q. What were they?—A. There were a lot of items in Mr. Kennedy's report.

Q. Did the department refuse to pay the subcontractor?—A. Yes. There was a report of Mr. Kennedy's—a report very well done, by the way—that he made. He made an inquiry on the job and saw all the changes that the contractor made without authorization, changes from the specifications. He made a whole list of them. I had a few meetings with Mr. Kennedy in my office, but unfortunately at that time Mr. Gardner became sick and I broke my wrist. I was hospitalized and for six months I could not use my hand; but we still had meetings with Mr. Kennedy, and I could not read my writing at the time. We brought in John Colford. We had a meeting in the board room of the Department of Public Works to study what had to be done. We finally got Colford to give us a credit of \$10,500 odd on some substitutions he made, especially for the tanks. But after that, I heard that the department was still holding on to Mr. Colford's contract—\$25,000, which was concentrated mostly on heating.

There was also something for a valve of the water treatment equipment—that was a small amount; but there was \$25,000 for the acceptance of the heating system.

Q. That was retained from his subcontract.—A. Yes.

Q. From his contract?—A. John Colford's, yes; and from then on I had nothing to do with the settlement of that. Later on I heard—I was not consulted in the final payment of the \$25,000; it was made by the department.

Q. Was it paid?—A. It was paid. I think I should have been consulted.

Q. Well, have you been consulted?—A. No.

Q. Let me finish. Have you been consulted as to the expenditure now contemplated by the department?—A. Oh no, not at all.

Q. That is the big trouble.—A. You know, we have a code of ethics in the province of Quebec and we are very strict on its application. I am a member of the Professional Practices Committee, and only in the course of last year we penalized two of our members. One is suspended for six months and another one for a year. They cannot practise during that period. That is on the code of ethics. Our ruling is this: whenever a fellow member has a contract with somebody—of course, the Civil Code allows the proprietor to change his architect or his engineer—but a fellow member cannot intervene in that job unless the first member has been paid, or he is considered paid when the matter is in court. Then, he can interfere. If he wants to interfere before that, he has to have the consent of the first engineer or architect, you see, or if he makes a report he must make it and give a knowledge of the contents of his report to his fellow member.

Mr. BELL (Carleton): What is the purpose of this interesting dissertation?

The WITNESS: To avoid mistakes. But I have not been paid. Nobody should interfere in the present case, or if he could ask me "do you allow me to work on that", I would perhaps say "yes", but he should consult with me first. That is the code of ethics; that is the main thing.

Mr. CHEVRIER: I will continue at the next meeting.

The WITNESS: That is the main part of the trouble.

The CHAIRMAN: The next meeting will be held at 9:30 a.m. on Monday morning, unless you wish to change it. Monday morning at 9:30 a.m.

APPENDIX "E"

Exhibit No. P.-15

ERNEST CORMIER
ARCHITECTE
ET INGENIEUR - CONSTRUCTEUR
3675 COTE DES NEIGES
MONTREAL

MONTREAL, May 28th, 1948.

Mr. Gustave Brault,
Chief Architect,
Department of Public Works,
Hunter Building,
Ottawa.

Dear Sir,

Re: Proposed National Printing Bureau Ottawa, Ontario.

I acknowledge receipt of your letter of May 26th inst. advising me of the Order in Council P.C. 2234, dated May 20th, 1948, and giving detailed conditions of my engagement as architect and engineer for the proposed National Printing Bureau, Ottawa, Ontario. You also included a plan of the proposed site located on Boulevard du Sacré-Coeur at Hull, Quebec.

I, hereby accept the conditions set forth, and will proceed without delay to the studies of preliminary plans.

Yours faithfully,

Ernest Cormier,
Architect.

May 26, 1948.

Mr. Ernest Cormier,
Architect,
3675 Cote des Neiges Road,
Montreal (25), P.Q.

Re: Proposed National Printing Bureau Ottawa, Ontario.

Dear Sir:

With reference to previous correspondence, I am directed to inform you that by Order in Council P.C. 2234 dated 20th May, 1948, authority is granted for the engagement of your services for the preparation of plans and specifications of the proposed National Printing Bureau at Ottawa, Ontario, on the following terms and conditions and, on request, to carry out the supervision of the construction of the said building in accordance with Clause V of the terms and conditions:

1. The Architect shall render and supply all necessary architectural services for and incidental to the design and completion of the drawings, specifications and details and without limiting the generality of the foregoing, the following services shall be included under these terms and conditions.
 - (a) The preparation of sketch plans and elevations and the amendment of same as reasonably required until approved by the Department.
 - (b) The supply to the Department of copies of sketch plans for submission to the various departments for their approval or otherwise.

- (c) The preparation of complete contract drawings and specifications on which tenders can be invited; the drawings and specifications to be prepared in strict accordance with departmental requirements and shall be altered, amended, etc., as may be reasonably required until approved by the Department.
- (d) Furnishing without extra cost to the Department up to twenty copies of the final drawings and specifications as shall be required by the Department.
- (e) The preparation of all detailed drawings and the furnishing, without extra cost to the Department, of not more than three copies of such detailed drawings, and the furnishing of such other information as may be required, including examination of the soil and the testing of load-bearing capacity of same, but not including the land survey of the site.
- (f) To pay all travelling expenses except for visits required for authorized by the Department, in which cases the necessary expenses shall be paid by the Department subject to regulations as are laid down by the Department in respect of such travelling expenses.
- (g) The provision, on the completion of the work, of a complete set of linen-backed blue prints of all floor plans, elevations and sections showing all architectural, structural, mechanical and electrical work revised and brought completely up to date. The original drawings, tracings, prints, reports, records of construction and all information pertaining to the project shall at all times be available for inspection by the officers of the Department of Public Works.

2. The fees for these services shall be based upon the actual cost of the work, exclusive of fittings other than fixtures and furniture, as determined by the Department.

The said fee shall be paid on the cost of such fittings and equipment as are fixtures installed for the services of the building.

- (a) Conditional upon the acceptance by the Department of plans and specifications, the fee payable shall be two and one-half per cent ($2\frac{1}{2}\%$) of the estimated cost as determined and agreed to by the Department and the architect.
- (b) The fee is to be due and payable as follows:
 - I. For services rendered up to and including preparation of sketch drawings approved as to general layout by the Department of Public Works, also estimate of cost based upon cubic feet measurement—one per cent (1%) of the estimated cost.
 - II. If for any reason the work is abandoned before sketch drawings have been given final approval by the Department of Public Works, the Architect shall be paid for partial services as follows:
 - (a) For wages paid out for draughtsmen's time on this particular work.
 - (b) For items chargeable directly to this particular work, such as Engineers' services, long distance telephone charges, blue prints, etc, and models only when required by the Department.
 - (c) An allowance for office expenses, same to include rent, light, heat, stenography, supplies, postage, etc.—the total of these items not to exceed sixty per cent (60%) of the total of Items 11 (a), 11 (b).
 - (d) A personal fee for his services of a sum equal to fifty per cent (50%) of the total of Items 11 (a), 11 (b) and 11 (c).

- III. For services up to and including working drawings and specifications acceptable to the Department and upon which tenders may be invited—two and one-half per cent ($2\frac{1}{2}\%$) of the estimated cost as determined by the Department at the time of completion of the drawings and specifications, including the one per cent (1%) fee as above mentioned.
 - IV. For services rendered up to and including scale and full size detailed drawings—one per cent (1%) of estimated cost of the work payable as follows:
one half ($\frac{1}{2}$) upon completion of details and one half ($\frac{1}{2}$) upon completion of the building.
 - V. In the event of your services being required for the supervision of this work, it is clearly understood that you will carry out same at a fee of one and one-half per cent ($1\frac{1}{2}\%$) of the actual cost of the work and that you will hold yourself available to carry out such supervision forthwith upon notification to that effect by the Department.
3. The Honourable the Minister of Public Works, in addition to the right of dismissal for cause, reserves the right to dispense with the services of the Architect at any time.

In the preparation of the drawings and specifications, I desire to call your attention particularly to the fact that under no circumstances is any particular material or goods to be specified. The name of firms, trade names or reference to same are not to appear in the specification, nor are any goods or materials or work to be described in such a manner as to infer that it is of a particular nature or manufactured by any particular firm or firms.

As you are aware, labour conditions must be incorporated in specifications of all Government work. In order to obtain the latest scale of wages, will you please advise this Department a few days in advance of when you require them, in order that they may be obtained from the Department of Labour.

Will you please proceed with the preparation of preliminary sketch plans and elevations, and when completed submit three sets to this Department, in order that they may be referred to the Departments concerned for final approval, and at the same time give estimated cost exclusive of Architects' fees.

Enclosed for your information and guidance is copy of site plan indicating location of the proposed National Printing bureau.

Yours very truly,

C. Gustave Brault,
Chief Architect.

Copies sent to:

Assistant C.A.

Chief Treasury Officer.

Mr. Kemp.

Mr. Rouleau.

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 20 May, 1948.

The Committee of the Privy Council have had before them a report dated 13th May, 1948 from the Minister of Public Works, representing:

That an amount of \$200,000.00 is included in the Main Estimates (Item 346) submitted to Parliament for the fiscal year 1948-49 for "National Printing Bureau";

That the Chief Architect of the Department of Public Works, in view of the pressure of work in his Drafting Room, considers it advisable to secure the

services of an outside architect for the preparation of plans and specification and the subsequent supervision of construction of the proposed building, the estimated cost of such work being \$6,000,000.00;

That the Deputy Minister of Public Works concurs in the above recommendation and advises the engagement of Mr. Ernest Cormier, R.A.C., F.R.I.A., F.R.A.I.C., M.E.I.C., Architect-Engineer of Montreal, P.Q., on the terms and conditions attached hereto.

The Committee, therefore, on the recommendation of the Minister of Public Works, advise that authority be granted for the employment of the services of Mr. Ernest Cormier for the preparation of plans and specification of the proposed National Printing Bureau on the terms and conditions attached, and on request to carry out the supervision of construction of the said building in accordance with Clause V of the terms and conditions.

Assistant Clerk of the Privy Council.

The Honourable the Minister of Public Works.

Terms and conditions for the appointment of Mr. Ernest Cormier for the preparation of plans and specification and the subsequent supervision of construction of the proposed New Printing Bureau:

1. The Architect shall render and supply all necessary architectural services for and incidental to the design and completion of the drawings, specifications and details and without limiting the generality of the foregoing, the following services shall be included under these terms and conditions.
 - (a) The preparation of sketch plans and elevations and the amendment of same as reasonably required until approved by the Department.
 - (b) The supply to the Department of copies of sketch plans for submission to the various departments for their approval or otherwise.
 - (c) The preparation of complete contract drawings and specifications on which tenders can be invited; the drawings and specifications to be prepared in strict accordance with departmental requirements and shall be altered, amended, etc. as may be reasonably required until approved by the Department.
 - (d) Furnishing without extra cost to the Department up to twenty copies of the final drawings and specifications as shall be required by the Department.
 - (e) The preparation of all detailed drawings and the furnishing, without extra cost to the Department, of not more than three copies of such detailed drawings, and the furnishing of such other information as may be required, including examination of the soil and the testing of load-bearing capacity of same, but not including the land survey of the site.
 - (f) To pay all travelling expenses except for visits required or authorized by the Department, in which cases the necessary expenses shall be paid by the Department subject to regulations as are laid down by the Department in respect of such travelling expenses.
 - (g) The provision, on the completion of the work, of a complete set of linen-backed blue prints of all floor plans, elevations and sections showing all architectural, structural, mechanical and electrical work revised and brought completely up to date. The original drawings, tracings, prints, reports, records of construction and all information pertaining to the project shall at all times be available for inspection by officers of the Department of Public Works.
2. The fees for these services shall be based upon the actual cost of the work, exclusive of fittings other than fixtures and furniture, as determined by the Department.

The said fee shall be paid on the cost of such fittings and equipment as are fixtures installed for the services of the building.

(a) Conditional upon the acceptance by the Department of plans and specifications, the fee payable shall be two and one half percent ($2\frac{1}{2}\%$) of the estimated cost as determined and agreed to by the Department and the architect.

(b) The fee is to be due and payable as follows:

- I. For services rendered up to and including preparation of sketch drawings approved as to general layout by the Department of Public Works, also estimate of cost based upon cubic foot measurement—one percent (1%) of the estimated cost.
- II. If for any reason the work is abandoned before sketch drawings have been given final approval by the Department of Public Works, the Architect shall be paid for partial services as follows:
 - (a) For wages paid out for draughtsmen's time on this particular work.
 - (b) For items chargeable directly to this particular work, such as Engineers' services, long distance telephone charges, blue prints, etc. and models only when required by the Department.
 - (c) An allowance for office expenses, same to include rent, light, heat, stenography, supplies, postage, etc.—the total of these items not to exceed sixty percent (60%) of the total of Items II (a) and II (b).
 - (d) A personal fee for his services of a sum equal to fifty percent (50%) of the total of Items II (a), II (b) and II (c).
- III. For services up to and including working drawings and specifications acceptable to the Department and upon which tenders may be invited—two and one half percent ($2\frac{1}{2}\%$) of the estimated cost as determined by the Department at the time of completion of the drawings and specifications, including the one percent (1%) fee as above mentioned.
- IV. For services rendered up to and including scale and full size detailed drawings—one percent (1%) of estimated cost of the work payable as follows:
one half ($\frac{1}{2}$) upon completion of details and
one half ($\frac{1}{2}$) upon completion of the building.
- V. In the event of your services being required for the supervision of this work, it is clearly understood that you will carry out same at a fee of one and one half percent ($1\frac{1}{2}\%$) of the actual cost of the work and that you will hold yourself available to carry out such supervision forthwith upon notification to that effect by the Department.

3. The Honourable the Minister of Public Works, in addition to the right of dismissal for cause, reserves the right to dispense with the services of the Architect at any time.

MAY 13, 1948.

To His Excellency

The Governor General in Council.

The undersigned has the honour to report:

That an amount of \$200,000.00 is included in the Main Estimates (Item 346) submitted to Parliament for the fiscal year 1948-49 for "National Printing Bureau";

That the Chief Architect of the Department of Public Works, in view of the pressure of work in his Drafting Room, considers it advisable to secure the services of an outside architect for the preparation of plans and specification and the subsequent supervision of construction of the proposed building, the estimated cost of such work being \$6,000,000.00;

That the Deputy Minister of Public Works concurs in the above recommendation and advises the engagement of Mr. Ernest Cormier, R.C.A., F.R.I.A., F.R.A.I.C., M.E.I.C., Architect-Engineer of Montreal, P.Q., on the terms and conditions attached hereto.

The undersigned has, therefore, the honour to recommend that authority be granted for the employment of the services of Mr. Ernest Cormier for the preparation of plans and specification of the proposed National Printing Bureau on the terms and conditions attached, and on request to carry out the supervision of construction of the said building in accordance with Clause V of the terms and conditions.

Respectfully submitted,

(Sgd.) Alphonse Fournier,
Minister of Public Works.

Attached: Statement of
terms and conditions (4).
C/HR

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 18

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

MONDAY, SEPTEMBER 1, 1958

WITNESS:

Mr. Ernest Cormier, Architect, Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)

and Messrs.

Badanai	Grenier	Nugent
Benidickson	Hales	Pickersgill
Bissonnette	Hanbidge	Pratt
Bourget	Hardie	Regier
Bourque	Keays	Smith (<i>Simcoe North</i>)
Campbell (<i>Stormont</i>)	Lahaye	Smith (<i>Winnipeg North</i>)
Campeau	Lambert (1)	Smith (<i>Calgary-South</i>)
Carter	Macdonald (<i>Kings</i>)	(3)
Cathers	Martel	Spencer
Chambers (2)	McGee	Stewart
Chevrier	McGregor	Valade
Crestohl	McMillan	Villeneuve
Dorion	Morissette	Walker
Drouin	Morris	Winch
Doucett	Morton	Wratten
Drysdale	Murphy	
Fraser	Nasserden	

Antonio Plouffe,
Assistant Chief Clerk of Committees.

(1) Replaced Mr. MacRae on August 29.

(2) Replaced Mr. Yacula on August 30.

(3) Replaced Mr. Coates on August 30.

ORDERS OF REFERENCE

FRIDAY, August 29, 1958.

Ordered,—That the name of Mr. Lambert be substituted for that of Mr. MacRae on the Standing Committee on Public Accounts.

Attest.

SATURDAY, August 30, 1958.

Ordered,—That the name of Mr. Chambers be substituted for that of Mr. Yacula; and

That the name of Mr. Smith (*Calgary South*) be substituted for that of Mr. Coates on the Standing Committee on Public Accounts.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

MONDAY, September 1, 1958.
(21)

The Standing Committee on Public Accounts met this day at 9:30 o'clock. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Benidickson, Bourget, Carter, Chambers, Chevrier, Crestohl, Doucett, Drysdale, Hanbridge, Hardie, Keays, Lambert, Macnaughton, Martel, McGee, McGregor, McMillan, Morissette, Morris, Nasserden, Pickersgill, Pratt, Smith (*Calgary South*), Spencer, Stewart, Winch, Wratten—(29).

In attendance: From *Montreal*: Mr. Ernest Cormier, Architect, and Mr. F. P. Varcoe, Q.C., his Counsel from Ottawa. From the *Department of Public Works*: Major General H. A. Young, Deputy Minister; Mr. J. O. Kemp, Contracts Division, Building Construction Branch, and Mr. C. W. Watson, Mechanical Engineer, Department of Public Works.

The Committee continued its examination of the Public Accounts, particularly the construction of the Printing Bureau in Hull.

The Chairman called the attention of the Committee to the following correction to the effect that:

The figure of \$3.00 per cubic yard which appeared on page 494 in issue No. 17 was erroneous and was corrected to \$1.03 per cubic yard.

Mr. Ernest Cormier was called and, as agreed, was examined by Mr. Chevrier.

The subjects were:

1. Air-conditioning specifications at the Printing Bureau.
2. Contracts Nos. 1 and 2 regarding excavation.

Major General Young, Messrs. Kemp and Watson answered specific questions.

During the proceedings, Mr. Chevrier moved, seconded by Mr. Pickersgill, that Mr. Cormier's testimony be forthwith interrupted to now hear Messrs. Moffatt and Kennedy on the air-conditioning units at the Printing Bureau.

The question being put, it was resolved in the negative.

At 11:00 o'clock, Mr. Cormier's examination still continuing, the Committee adjourned until Tuesday, September 2, at 9:30 o'clock.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

MONDAY, September 1, 1958.
9:30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. May I invite you to concentrate all your efforts on trying to get as much evidence as possible on Labour day.

There is a small correction to make. The official reporters on Friday made a mistake with regard to the average price for excavation per cubic yard.

Mr. BELL (Carleton): Where is this?

The CHAIRMAN: In the printed text.

Mr. BELL (Carleton): What page?

The CHAIRMAN: Number 17 on page 494, line 22. The correction was made when Mr. Cormier's attention was called to it by the official Reporter. I will blame him for making this mistake if I may. The amount shown was \$3 whereas it should read \$1.03. The correction is properly made on page 494, line 22 and it reads \$1.03 per cubic yard.

Mr. BELL (Carleton): The correction was made previously?

The CHAIRMAN: Yes.

Mr. BELL (Carleton): This is just drawing attention to it?

The CHAIRMAN: Yes. We have the matter referred to in correspondence but there is really no need to clutter up the record.

May I bring another matter to your attention. I suppose we all hope that we will draw to a close towards the end of this week. It would be very much appreciated by the steering committee if members would give some consideration to things that they think should be included in either an interim or certainly a final report. If you have ideas, if you would put each idea on a separate piece of paper and send it to the steering committee if possible at noon Tuesday or, if not possible, well, later. We would like to start considering interim reports tomorrow, if possible.

This morning, gentlemen, we have Mr. Cormier still with us and Mr. Chevrier had not completed his part of the examination when we rose last Friday.

Ernest Cormier (Architect and Engineer), called:

By Mr. Chevrier:

Q. Mr. Chairman, when the committee rose on Friday we were discussing the subject of air conditioning and I would like to continue with that, if I may, by asking the witness again from whom he took his instructions and directions insofar as the installation of air conditioning in the printing bureau was concerned.—A. I was given the basis of the design by Mr. Powers, the printing consultant.

Q. What were the terms and conditions upon which air conditioning was to be installed?—A. It was installed for a result of 80 degrees dry bulb temperature and 55 per cent relative humidity for the conditioning of the paper only.

Q. For a conditioning of the paper only—and is that set out in the instructions received from the consulting engineer, Mr. Powers?—A. Yes. Do you want me to read that?

Q. I do not want you to read the whole of it but I wish you to point to that particular instruction and read it into the record.

The CHAIRMAN: Mr. Varcoe, would you read it.

Mr. F. P. VARCOE Q.C., (*Counsel for Mr. Cormier*): Instruction 44: Air Conditioning of the New Printing Bureau.

All floors of the new printing bureau are to be air conditioned to provide a humidity of 55 degrees, humidity in the press rooms and binderies at 80 degrees".

The WITNESS: That should be "per cent".

Mr. VARCOE: It says "degrees".

The WITNESS: It is a misprint.

By Mr. Chevrier:

Q. Would you just repeat to the committee, if you would, for the purpose of clarification—

Mr. STEWART: Would you give us the date of it?

Mr. CHEVRIER: Mr. Stewart, it is contained in the instructions from Mr. Powers, the consultant.

Mr. STEWART: It is in the record now?

Mr. CHEVRIER: Yes.

The WITNESS: There are two groups of instructions.

By Mr. Chevrier:

Q. Is there any date on either of these books?—A. Oh yes, this is the revision of—

Q. Well, why not give the first and then give the revision?

Mr. STEWART: It is not in a letter?

Mr. CHEVRIER: No, it is part of the instructions.

The WITNESS: This is the first book.

By Mr. Chevrier:

Q. Would you give the title of that and the date?—A. "New Plant, Department of Public Printing and Stationery, Data and Design, Ottawa, Canada, 1947".

Q. That is the original design?—A. That is the first one.

Q. Of the printing bureau by the consulting engineer?—A. That is it.

Q. And there was apparently a second one?—A. The second one is entitled "Highlights, Department of Public Printing and Stationery, New Plant, Ottawa, Canada, 1947" and corrected to June 1, 1948.

Q. Corrected to June 1, 1948?—A. Yes.

Q. And you have just read, or at least Mr. Varcoe has just read, item 44 from the revision of June 1, 1948?—A. That is right.

Q. In which it is stated that the dry bulb temperature is to be 80 degrees and the relative humidity 55 per cent?—A. Yes.

Q. Is the date 1948 or 1949?—A. 1948.

Q. It is June of 1948?—A. Yes.

Q. Would you mind telling the committee what is meant by those two terms of 80 degrees dry bulb temperature and 55 per cent relative humidity?—A. We have got two kinds of thermometers to measure air conditioning. The dry bulb temperature does not take into account at all the relative humidity. The wet bulb thermometer gives us the relative degree that enables us to find the dew point of the relative humidity. It is the same thermometer but the bulb here has gauze around it, which we wet. As we turn it around in the air we get a different degree than in the dry bulb. From that we figure the relative humidity.

Q. And, as you indicated earlier, the basis of that was for the benefit of the paper and not for the benefit of anyone else?—A. That is right. I can make another remark about that. During the weekend I have looked over in my library the books on air conditioning and I have found that a number of authorities include 80 degrees temperature and 55 per cent relative humidity in the area of comfort for summer temperature. Three noted authors say that; but The American Guide to Heating and Ventilating is more conservative. It is out just near the edge of the area of comfort.

Q. Who are those authorities you have referred to?—A. I have them here. The first one is Richard E. Holmes, design engineer for Westinghouse, comfort zone for summer, page 41. Also C. Walker and James, complete comfort zone for summer, page 34 and also Meyer and Fritz, comfort zone for summer, page 45. The American Society of Heating and Air Conditioning Engineers, the thirty-third edition, is more conservative. Our condition is just outside the area of comfort.

Q. What you are telling us is that those authorities indicate a slight change from those two figures for summer comfort?—A. No, they accept it.

Q. They accept 55% and 80°?—A. Yes.

Q. Now, my next question is did you install a system in the printing bureau in accordance with the instructions of the consulting engineer Mr. Powers?—A. Yes I did.

Q. Who installed it and at what price?—A. John Colford as subcontractor and Concrete Construction.

Q. Before you answer the second part there is another question I would like to interpose there. With the machine installed under your supervision what temperatures would you get?—A. I would have 80 degrees and 55 per cent relative humidity when the outside temperature reaches 85 degrees.

Q. And what would you—that is with the one unit?—A. Oh yes, with one unit of my scheme.

Q. What would you accomplish with two units?—A. I could reach any outside temperature possible in Ottawa. We could attend to it.

Q. Then, I come back to my question, who installed it, and you told me John Colford, and at what price?—A. Well, I will read this through to give you the exact figure.

Q. I would like to know exactly for the record and for the information of the committee the cost of installing the air conditioning system in accordance with the instructions received from Mr. Powers?

Mr. Varcoe:

Air conditioning as originally installed.

As shown in break down prices of Concrete Construction Company.

No. 31 Refrigeration unit and chilled water \$115,673.

No. 32 Air Conditioning and Ventilation \$357,500.

Total \$473,173.

Less what is attributable to ventilation from the detailed prices by Ernest Leblanc, who had a special contract for sheet metal work.

His sub-contract \$310,000.

Less heat exchangers \$44,000.

Total attributable to ventilation \$266,000.

Then, deducting \$266,000 from the previous total leaves a net of \$207,173 as the amount included in the contract for Air Conditioning alone as installed by Mr. Cormier.

By Mr. Chevrier:

Q. Now, before I ask you to explain what has just been read, will you tell me whether I am correct in assuming that the total cost for the installation of the air conditioning unit for the printing bureau was \$207,173?—A. That is exact.

Q. Then, will you explain the statement that has just been read?—A. Well, of course, I have got to break down the price of the general contractor. There are two items, 31 and 32 cited. If I add these two I make a total of \$473,173. That includes ventilation.

Q. Let me stop you there. Is not ventilation a part of air conditioning?
—A. No. I could do ventilation without air conditioning.

Q. It is a separate contract?—A. Yes.

Q. And has nothing to do with air conditioning?

Mr. BELL (Carleton): Surely it is not a separate contract?

By Mr. Chevrier:

Q. Apparently it was. One went to Colford and one to Leblanc. Would you carry on?—A. I can do the Ventilation system without any Air Conditioning. I have to deduct to find the exact cost of the Air Conditioning; I deduct what is attributable to Ventilation, which is \$266,000, leaving a difference of \$207,173. That is for one unit; or what is installed now.

Q. That is the total cost of the installation?—A. When I left it.

Q. At the printing bureau; \$207,173?

By Mr. Bell (Carleton):

Q. Would my learned friend permit me to intervene to inquire by whom this particular statement which he has was prepared, and when?—A. I did that. I have it in my notes.

Q. When?—A. Last week. That question has never been asked.

Q. That is the total amount of the contract that was paid to John Colford; that is the total amount paid?—A. No. He did all mechanical work too on the job. This is only a small part.

By Mr. Chevrier:

Q. If there is any doubt about the mechanical work you can look at the specifications and make the calculation.—A. John Colford had a contract for \$1,947,900. This Air Conditioning is only a small part of it.

Q. Did you consult any specialist, or did you interview anyone on the subject of air conditioning for this building?—A. Very many.

Q. Would you tell us who, on what occasion, and what was discussed.—A. Some specialists were interviewed or consulted for the air conditioning. First the Carrier Corporation of New York; considerable documentation was obtained during my work with the United Nations in New York and since that time I have been on their mailing list. I had at least two visits from their engineer in New York; numerous visits from the Anemostat Co. engineer in New York; that is mainly for the size of the outlets, or diffusers.

Q. Will you tell the committee what an anemostat is?—A. A diffuser for air.

Q. What part does it play in air conditioning?—A. It is for the diffusion of air.

By Mr. Bell (Carleton):

Q. The conditioned air?—A. Not necessarily conditioned. If it is used only for ventilation there is no conditioning; but you use the same anemostats. I showed that in my calculation and they approved for large units so that the large units would have a more extended radius of coverage. Instead of numerous small units where you would not have the same angle of diffusion and would have a throw right down in spots, air was to reach to the level where the paper was being processed, the level of the table of the presses. That is for the anemostats. I hear that the Department was going to change the large to a number of the small units. There were a number of visits by engineers from the Powers Controls Company, Johnson Controls Company, and Minneapolis-Honeywell Controls Company.

By Mr. Chevrier:

Q. What are those three companies?—A. They are specialists on the control equipment for air conditioning.

Q. Are they American people?—A. Yes; but they have Canadian representatives.

Q. You consulted them in Montreal?—A. Yes.

Q. What was the object of the discussions which took place during the course of these interviews?—A. I was showing them what my calculations were and I had their advice on that, whether or not some modifications were advisable. (The control company has nothing to do with anemostats).

Q. Did they agree with or disagree with your proposal?

By Mr. Bell (Carleton):

Q. I think my friend will have to go more deeply into this if he gets too far involved. Maybe somebody is trying simply to unload equipment. Were the persons who were consulted persons who had any knowledge of this?—A. I spoke of engineers from the Carrier Company. I do not know whether or not you have any knowledge of what the Carrier Company is in that field; it is the very best, and it was their engineer, not from Montreal but from New York.

Q. What is the name of the engineer?—A. Oh, I cannot give that now. I would have to go back to Montreal to get that and I do not know if I would find it in my notes. You are speaking of things which happened about eight years ago. Also I spoke about anemostats. People in the Montreal field of air conditioning know about this. The agency in Montreal has changed hands three or four times. I did not rely upon the salesmen at all. When the engineers of New York came, they came to see me, and all this was done on a good-will basis; there were no fees at all.

By Mr. Chevrier:

Q. Did you consult anyone in Montreal in connection with the installation of your unit?—A. Yes.

Q. Who?—A. Mr. Destroismaisons, who is a consulting engineer specializing in ventilation.

Q. Did you submit the plan that you had in mind?—A. No.

Q. Did you discuss it with him?—A. I discussed my scheme, my design, and showed him my calculations.

Mr. SPENCER: Was any money paid to that engineer.

Mr. CHEVRIER: He said no.

The WITNESS: No. It was all good-will. I am well enough known that he knew in return if he needed me I would do it for him.

By Mr. Chevrier:

Q. I want to come back to this question about the person or the firm which installed this air conditioning. I take it this was a subcontract?—A. Yes.

Q. From Concrete Construction?—A. Yes.

Q. What firm installed this?—A. John Colford Limited.

Q. You have already stated the total amount of the contract was \$1,900,000?—A. \$1,947,900.

Q. Which included a number of other things over and above the air conditioning.—A. Yes. There was No. 22 of my specifications, the boilers; No. 23 boiler feed and control; 24, cooling service; 25, auxiliary equipment, boiler room; 26, steam distribution; 27, water service and drain; 28, compressed air; 29, plumbing, water distribution and fire protection; 30, cafeteria and kitchen equipment; 31, refrigeration; 32, air conditioning and ventilation; 33, temporary heat. That is all.

Q. I take it the air conditioning and the ventilation is the matter to which you referred earlier as costing \$207,173?

By Mr. Bell (Carleton):

Q. That is air conditioning without ventilation?—A. Yes.

By Mr. Chevrier:

Q. Now, was Mr. John Colford paid in full for his contract without any objection?—A. He was finally paid in full.

Q. What happened?—A. There was a report made by Mr. Kennedy of substitutions of equipment described in my specifications.

Q. What was the effect of Mr. Kennedy's report?—A. It lasted quite a long time. He had successive reports and finally there was a hold back of \$25,000, but specifically for the heating equipment.

Q. What was the \$25,000 for? Did the \$25,000 hold back have anything to do with the air conditioning?—A. Not at all. In fact, in the first Kennedy report, there is very little concerning air conditioning.

Q. I do not want you to deal with that now. I want you to stick to the Colford report. Do you say that the \$1,940,000 for the first contract involved a hold back of \$25,000 due to certain comments made by Mr. Kennedy?—A. That is right.

Q. Can you tell us the date of the hold back, or the date of the report which brought about this hold back?—A. I think that better evidence could be given by Mr. Kennedy himself on that. During the time I was hospitalized, six months passed without my attending the office.

This is what I brought from Montreal, but it is not everything. Mr. Kennedy can correct me on that, but I think his first report was sent to me—no—that is the last one. As to the first one, I do not know when it would be.

Q. Could you find out and put it on later, so that I can get on?—A. I would rather it be given to you by the department.

Mr. BELL (Carleton): Are these to be produced by you, Mr. Chevrier?

Mr. CHEVRIER: No. But I would like to have them put in the record now.

By Mr. Cormier:

Q. Can you tell us who Mr. Kennedy is?—A. He was the mechanical engineer.

Q. Employed by whom?—A. By the Department of Public Works.

Q. Yes. Now, after his report there was a hold back of \$25,000 on the Colford contract?—A. Yes.

Q. Was the Colford contract finally paid in full?—A. I was told that it was, by the general contractor, but I never was consulted on the payment.

Mr. BELL (Carleton): Would my hon. friend permit me to ask a question which would enable me to understand a little better some of the evidence which has been given? The witness said you could have ventilation without air conditioning; but is the reverse true?

The WITNESS: You ask if you may have air conditioning without ventilation?

Mr. BELL (Carleton): Yes. Isn't a ventilation system an essential part of the whole air conditioning system? No. In other words, to get an accurate figure on this, is it not necessary to have both? If you could not have air conditioning without ventilation, that figure ought to be \$473,000 instead of \$207,000.

By Mr. Bell (Carleton):

Q. I asked that in order to clarify it in my mind in connection with the testimony being given.—A. You have refrigeration units which you put in windows. Would you call it a ventilation unit which you put in a window?

Q. Units in windows were not installed.—A. No, but would not call that ventilation?

Mr. McGREGOR: What has that got to do with it?

Mr. BELL (Carleton): I am not answering the questions.

Mr. CHEVRIER: Perhaps when I am through with air conditioning, you could re-examine, if you wish, Mr. Bell.

Mr. BELL (Carleton): I was only trying to follow this.

Mr. CHEVRIER: It is pretty hard to get on when there are interruptions,—not that I object to them.

By Mr. Chevrier:

Q. Going back now to the \$25,000, you say you learned afterwards that Mr. Colford was finally paid?—A. Yes.

Q. Was the unit tested before it was turned over?—A. Yes, there was a previous test. Do you mean the air conditioning?

Q. No, I refer to the hold back of the \$25,000.—A. No. The air conditioning was tested by Mr. Kennedy on the job, and Mr. Bailey, and they found it to be satisfactory. I do not know exactly why the \$25,000 was held back from Mr. Colford on heating.

Q. Going now to the air conditioning, was the unit you put in tested before it was turned over to the printing bureau?—A. Oh yes.

Q. And how was it found?—A. It was tested on one occasion by myself—with my inspector, Mr. Bailey on one occasion.

Later on, there was an elaborate test made starting with the unit completely idle and in the afternoon. In the afternoon it reached 80 degrees with 55 per cent humidity. That test was made by Bailey, my inspector, with the representative of the Control Equipment Company.

Q. What was the date of that test?—A. I cannot recall it. The Department of Public Works would have evidence of it in their files.

Q. Can you tell us the year?—A. No, I cannot say from the document which I have in front of me.

Q. Were you consulted about an additional refrigeration unit other than the one you requested them to complete in accordance with the Powers specifications?—A. No, everything going on, was kept secret from me.

Q. Are you aware of tenders being called for a new refrigeration unit at the printing bureau?—A. Oh yes. I got the information from the advertisement in the papers calling for tenders.

Q. Do you know what the amount of the lowest tender was?—A. No, I never could obtain it.

Q. Did you see the plans and specifications on which those tenders were called, for the new air conditioning system?—A. There were no plans. There were specifications and I have a copy of them here.

Q. Did you prepare the plans, for the unit which you installed?—A. Oh yes.

Q. Where are they?—A. It is just a repetition of the one which is there. It was to sit right next to the present, and the piping was prepared for it.

Q. Have you the plans, General Young?

Major General H. A. YOUNG (*Deputy Minister, Department of Public Works*): Are you referring to contract No. 6?

Mr. CHEVRIER: I want the plans and specifications for the air condition.

The WITNESS: It was a repetition of what is already in there, a duplicate.

By Mr. Chevrier:

Q. I do not know very much about these, but I would like you at least to identify them. Would you look at these plans and tell me what they represent? They look like a pretty voluminous bundle.—A. I will tell you the number of the plans in a minute.

Q. These, I take it, Mr. Cormier, are the plans for contract No. 6.—A. I cannot say that, because this was a bound series, and it is all broken down. There may be some plans missing there, I do not know. There should be 38 plans.

Q. What I am interested in are the plans for the air conditioning. Can you tell me if they are in there?—A. If some are there.

The CHAIRMAN: Could you find the plans, Mr. Kemp?

Mr. CHEVRIER: Could someone find them?

The CHAIRMAN: 37?

The WITNESS: That is the first, No. 1, elevation, that is the first one. No. 40.

Mr. J. O. KEMP (*Chief, Contracts Division, Building Construction Branch, Department of Public Works*): No. 40.

The WITNESS: No. 41.

Mr. KEMP: No. 41.

The WITNESS: No. 42.

Mr. KEMP: No. 42.

The WITNESS: No. 39.

Mr. KEMP: No. 39.

The WITNESS: No. 51.

Mr. KEMP: No. 51.

The WITNESS: 9.

By Mr. Bell (Carleton):

Q. What are these numbers that are being mentioned? What do the plans show?—A. Do you want me to read what it is?

By Mr. Chevrier:

Q. Yes. Mr. Cormier, let me put it this way: what I have been trying to find out is if you had prepared plans and specifications for the air-conditioning in that building, and you said "Yes"; and now I want to produce before the committee the plans and specifications having to do with air-conditioning only. Now, you have read out seven or eight numbers. What are these numbers? Mr. Bell wants to know and the committee wants to know as well.

By the Chairman:

Q. Mr. Cormier, will you repeat them, with the headings?—A. Number 37—layout of grounds.

By Mr. Bell (Carleton):

Q. Layout of grounds?—A. Well, that is in the contract.

By Mr. Chevrier:

Q. Has that anything to do with air-conditioning?—A. No, but I have to go through all that to know the numbers in which I am interested.

Q. Mr. Cormier, please now, I am just interested in these plans that have to do with air-conditioning.

The CHAIRMAN: Just take your time, Mr. Cormier, and go down your list and try to pick them out.

The WITNESS: No. 23.

Mr. WINCH: You want to find out if there is any plan there that shows any layout of air-conditioning with a second unit.

Mr. CHEVRIER: No, I want to see just these plans for air-conditioning, either one or two units.

By the Chairman:

Q. What is No. 23?—A. That is a basement plan of the powerhouse.

The CHAIRMAN: Is that plan here, Mr. Kemp?

Mr. KEMP: Yes, it is here.

(Mr. Kemp spoke briefly in French).

Mr. CHEVRIER: Well, the reporter cannot get that; you will have to say it in English.

By Mr. Chevrier:

Q. Plan 23 is the basement of the powerhouse; has it anything to do with air-conditioning?—A. Yes, it shows the chilled water reservoir; it shows the circulating pumps; the condenser pump and the chilled water return pump.

Q. Circulator pumps and the condenser pumps?—A. And the return chilled water pump.

Q. Now, is there any other drawing having to do with air-conditioning?—A. No. 24.

Q. What is it?—A. First floor of the powerhouse.

Mr. KEMP: The refrigeration compressor.

The WITNESS: It shows the refrigeration unit.

By Mr. Chevrier:

Q. Yes; go on?—A. Yes—No. 53.

By the Chairman:

Q. And what is that?—A. It shows a layout of the various services including the chilled water system.

By Mr. Chevrier:

Q. The layout of various services including the chilled water system?—
A. Yes.

Q. Yes?—A. No. 55 shows the ventilation and air-conditioning of the basement. Nos. 56, 57 and 58 show the ventilation and air-conditioning of floor 1, floor 2 and floor 3—ventilation and air-conditioning.

By the Chairman:

Q. Are there any others?—A. No, I do not think so.

By Mr. Chevrier:

Q. So may I recapitulate by saying that you indicated seven drawings in the plans for contract No. 6?—A. That is right.

Q. All having to do with the air-conditioning of the printing bureau?—
A. Yes.

Q. Now, I do not see that you made any reference in those drawings to a second unit; does that appear in any of these seven?—A. No, it was taken off the contract.

Q. I see. At that time it was taken out?

By the Chairman:

Q. By whom?—A. By the policy that had been given me by Mr. Murphy to dispense—to cut all what I could dispense with and still have the plant working.

By Mr. Winch:

Q. You were asked if you had prepared any plan that showed the second unit?—A. Certainly, but not to be included in this entirely.

Q. But you would not have a copy of that here?—A. No, they are in my office; they are drawings that have not been used.

By the Chairman:

Q. But you prepared the plans?—A. Certainly.

By Mr. Chevrier:

Q. Now having indicated what these plans were for air-conditioning, I asked you earlier if there were any plans for the new unit which was to be installed at a cost of \$800,000, by the Department and you said "No"?—A. No. That is correct.

Mr. CHEVRIER: Now then, I wonder if I could have produced here the specifications for the new unit to cost \$800,000; have you got them, General Young?

Mr. YOUNG: The specifications?—I can outline the detail of it.

Mr. CHEVRIER: Have you a copy of the specifications? Could we not have those?

Mr. YOUNG: I do not think they are completed yet.

Mr. C W. WATSON (*Mechanical Engineer, Department of Public Works*): Are you referring to Mr. Cormier?

Mr. CHEVRIER: No, no; I am referring to the new unit to be installed at the approximate cost of \$800,000.

The CHAIRMAN: Could I have your name?

Mr. WATSON: Mr. Watson.

The CHAIRMAN: And with whom are you?

Mr. WATSON: I am a mechanical engineer with the Department of Public Works. First of all, I would like to clarify the point that the one and only tender that has so far been called was called for one compressor only, not an air-conditioning system. That in turn has been recalled and we are now going to call for a new tender covering two 600 horsepower compressors. That is not an air-conditioning system; it is only the purchase of two compressors, so that is not \$800,000. It will approximate \$150,000.

Mr. STEWART: Where did you get the \$800,000?

Mr. WATSON: It will cover a lot of work in addition to the purchase of two new compressors, which I can go into.

Mr. BELL (Carleton): Mr. Chairman, I think we had better wait until Mr. Watson is in the witness box. Let us finish with Mr. Cormier first.

Mr. SPENCER: Mr. Chevrier, could we find out now whether that plan covering the second unit was ever delivered to the Department of Public Works?

By Mr. Chevrier:

Q. Yes. Mr. Spencer would like to know whether the plan for the second unit for the printing bureau was ever delivered to the Department of Public Works?—A. No, it never was, because it was not to be used for that contract.

Q. Well then, I have now got to the point where I asked you about the plans for the new unit. You said there were none; and then I asked you about the specifications.

Mr. BELL (Carleton): This witness has nothing to do with them at all.

Mr. CHEVRIER: I want to examine at some length on these specifications and I want them produced and brought here, Mr. Bell, and I am now making a request to the chairman of the committee that the specifications for the new unit at the printing bureau be brought here so they can be examined; and if they are not, I would like to know why.

Mr. SPENCER: Well, Mr. Chairman, this is the public accounts committee. Should not that be a matter that normally would come before the estimates committee and be raised at the time the estimates are voted?

The CHAIRMAN: This certainly has close relationship to the whole thing.

Mr. SPENCER: Quite so.

The CHAIRMAN: But in any event this witness should not be asked that.

Mr. BELL (Carleton): I am only concerned, Mr. Chairman, at this moment with the question as to the ability of this witness to testify about something with which he has had nothing whatever to do.

Mr. CHEVRIER: Yes, Mr. Bell. I now hold in my hand a photostatic copy of the specifications which had to do with the calling of tenders for the new unit at the printing bureau.

Mr. BELL (Carleton): What is the date of that and by whom is that being produced?

Mr. CHEVRIER: This is being produced by me.

Mr. BELL (Carleton): From whose possession?

Mr. CHEVRIER: It is in my possession.

Mr. BELL (Carleton): How did you get it?

Mr. CHEVRIER: I have it in my possession now. It does not matter how I got it.

I just want to show it to General Young to make sure it is a photostatic copy of the specifications which were used in connection with the new air conditioning system at the printing bureau.

Mr. BELL (*Carleton*): I would like to know first how my learned friend got the document. If this document is going to be used it must be produced by someone who can identify it.

Mr. CHEVRIER: I am asking General Young now, who is the deputy minister of the department, to tell me whether or not this is a true photostatic copy of the specifications.

Mr. BELL (*Carleton*): My learned friend declines to say how he secured this.

Mr. PICKERSGILL: They were made public when the tenders were called.

The WITNESS: It was taken out just a minute ago from the—

Mr. CHEVRIER: Let me tell my friend this; if he looks at the bottom of that he will see that anyone who is interested in tendering on this, by paying a certain amount of money, is entitled to have these specifications.

Mr. BELL (*Carleton*): Did my friend do that?

Mr. CHEVRIER: I did not do that.

Mr. YOUNG: The answer to that, Mr. Chairman, is this; this is the first draft and it is obsolete. The plans and specifications are not complete. This was our first draft which does not bear any resemblance, or at least is not the document on which we are calling tenders.

Mr. BELL (*Carleton*): That was withdrawn?

Mr. YOUNG: That was withdrawn after the public tenders were called.

Mr. PICKERSGILL: I wonder if I could ask a question of General Young at this point?

Were these the specifications that were used in connection with the calling of the first tender which we have already been told was withdrawn?

Mr. YOUNG: That is correct.

Mr. PICKERSGILL: Thank you.

Mr. YOUNG: They have been changed now.

Mr. CHEVRIER: They were changed. Could we get a copy of the revised specifications?

Mr. YOUNG: The new plans and specifications will not be ready for a couple of weeks.

Mr. HARDIE: How did you arrive at the figure \$800,000?

Mr. YOUNG: That is a preliminary estimate made by our mechanical engineer.

Mr. BELL (*Carleton*): Let us keep to the witness in the box and not jump around, Mr. Chairman.

The CHAIRMAN: I think you are quite right, Mr. Bell. Let us have Mr. Cormier continue.

Mr. CHEVRIER: General Young, this is a preliminary estimate and the plans and specifications have not been completed?

Mr. YOUNG: That is correct.

Mr. BELL (*Carleton*): The Chairman has already ruled that you keep to this witness.

By Mr. Chevrier:

Q. Mr. Cormier, coming back to the new unit, do you know what the tonnage of that is to be?—A. 840 tons.

Mr. STEWART: He is now reading from the specifications that have been withdrawn, Mr. Chairman.

The WITNESS: They probably realized two or three months later that they had made a mistake. I wanted to point out the mistake.

Mr. STEWART: I do not think that concerns us.

The WITNESS: I am very much concerned with that.

Mr. PICKERSGILL: An attack has been made with respect to this witness' system and the suggestion was made that the department publicly advertised in order to correct it; so surely the witness is entitled to give evidence about this proposed correction, in fairness to him.

Mr. STEWART: I do not think he is.

Mr. BELL (*Carleton*): I have no doubt that he has no right to do so now, because this is not in the public accounts. This committee is getting away beyond its field. This is not in the public accounts for this year and ought not to be inquired into.

We have no objection to presenting the whole situation. We will have the witnesses Kennedy, Watson and Moffat, and whoever else my learned friend wants as well. I do not think we should deal with this as an inquisition in connection with the air conditioning. We are getting very far afield and my learned friend is now trying to use this as a delaying technique in order to prevent evidence coming out in regard to other matters.

Mr. CHEVRIER: Just a minute, I certainly will not allow you to make that kind of a statement. This is not an inquisition. I have been trying to carry on this examination as fairly as I can. There was an inquisition carried on by Mr. Walker and yourself earlier—

Mr. BELL (*Carleton*): There was never any such thing.

Mr. CHEVRIER: —if you want to know exactly what transpired. Now you say we are not to deal with this until we finish dealing with a number of things outside the scope of this inquiry such as, for instance, the question of Senator Fournier in Montreal, having to do with a matter that did not concern the contract for the building of the public printing bureau at all.

Mr. DRYSDALE: That was in the 1957-58 estimates.

Mr. CHEVRIER: Now you want to stop me when I come to ask this witness his opinion and his comments in respect of this new installation. After all, I think this witness, who is a credible witness, has the right to inform the committee what the circumstances are surrounding the unit he put in and what the circumstances are surrounding a unit that is about to be put in.

Mr. BELL (*Carleton*): With great respect to my learned friend, inasmuch as the proper procedure is to find out from the proper witnesses at the correct time just what is proposed, if my learned friend wishes to recall this witness to comment upon that, he can do so. However, we should not have this witness comment on something which is not yet before the committee, nor have documents produced in the irregular way that my learned friend is trying to do.

Mr. CHEVRIER: All right, I make this suggestion at once then; let us interrupt the examination of this witness and call Mr. Moffatt and Mr. Kennedy at once. - I move that we do so, Mr. Chairman.

Mr. BELL (*Carleton*): I will now say to my learned friend that that is proof that all he is trying to do is delay this.

Mr. PICKERSGILL: We are trying to save \$700,000 of the taxpayers' money, that is what we are trying to do.

The CHAIRMAN: Order, please.

Mr. STEWART: No tenders have been called yet.

Mr. DRYSDALE: May I correct Mr. Chevrier by saying that the moving contract was included in the 1957-58 estimates whereas this other thing was not included in the 1957-58 estimates.

The CHAIRMAN: We have a motion. In order to make some progress I think we should discuss it.

Mr. CRESTOHL: In regard to the motion, Mr. Chairman, I think the committee should keep its eye clearly on the target.

Mr. BELL (*Carleton*): Hear, hear.

Mr. CRESTOHL: We are not just inquiring into expenditures made by a former government, we are inquiring also into expenditures being made by the present government. This is one of the works that the present government is contemplating doing, and I think it is the duty of the public accounts committee to also inquire into it, and that is what Mr. Chevrier is proposing to do now.

Mr. PRATT: Mr. Chairman, in view of what the last hon. member has just said, I would suggest that the logical procedure would be to start and finish with excavation, with which we have been dealing, before proceeding into a consideration of air conditioning. I think that is the last thing to be considered.

Mr. PICKERSGILL: We cannot save any money in regard to excavation now, but we might save the taxpayers \$700,000 in regard to air conditioning.

Mr. WINCH: Mr. Chairman in regard to the motion, I would just like to make one suggestion and that is, that in the event that this motion were to carry, could Mr. Cormier give the committee information as to what the tonnage and specifications etcetera were in regard to the second unit for which he said he had drawings and plans before they were cancelled? I think that is important.

Mr. CHEVRIER: Yes.

Mr. WINCH: Could Mr. Cormier give us now the tonnages and specifications, etcetera, in regard to the second unit which he had in mind, and which was cancelled. If we had that information we could relate it, Mr. Chairman, to the evidence that will be given by Mr. Watson and Mr. Kennedy.

The WITNESS: Has that question been asked?

By Mr. Chevrier:

Q. Yes. Could you give us the tonnage and specifications of the second unit you intended to instal?—A. The tonnage of the second unit was exactly a duplication of the first. This was exactly the same and oriented—placed on the floor in the same way the first one was placed.

I will read that specification to you if you want me to.

The CHAIRMAN: Mr. Varcoe, what are you going to read?

Mr. VARCOE: I am reading from a document entitled "Specifications for refrigeration, National Printing Bureau, Hull, P.Q., Ernest Cormier, Architect and engineer" and the part of these documents that Mr. Cormier requests me to read is the "Scope of Work".

Mr. STEWART: Is there a date on that?

Mr. VARCOE: September 2, 1952 and there are numbers—37. That relates to the index, I expect, and it is on page 1.

Mr. STEWART: Is there a paragraph number on that scope of work?

Mr. VARCOE: No, there is not.

The WITNESS: The pages are numbered, not the paragraphs.

Mr. VARCOE: "This portion of the specifications is intended to describe all material and labour necessary to instal a refrigeration system to maintain the water of the chilled water reservoir at a temperature of 42 degrees F. It shall consist mainly of: Item (a) A 400 T. Turbo (Centrifugal) Water cooling system unit. Item (b) Accessories to above unit, foundation, isolation pads, water and drainage piping, control circuits, insulation, permits, etc."

Mr. WINCH: All we are interested in is the second unit. I understood from what Mr. Cormier said the second unit he had in mind was exactly the same as the specifications of the first unit. It is not the whole thing we want; it is just the specifications of the first unit.

The WITNESS: He has read the scope of work. The description takes two pages or perhaps more.

Mr. VARCOE: On page 2 of this document—

The CHAIRMAN: Do you gentlemen really think this is necessary?

Mr. CHEVRIER: Do you want it in the record, Mr. Winch?

Mr. WINCH: The only point I have in mind is if—and I understand from what has been said from others you are going to get information on the specifications of the new installation; and I thought that it was only right that we should have just what Mr. Cormier had in mind as an additional installation which he was told he could not put in. I thought when Mr. Cormier was here this was the time to get the information. It will make it easier if we do this.

The WITNESS: The real thing that you want to know is the capacity of the second unit.

By Mr. Winch:

Q. Yes.—A. It is 400 tons, exactly a duplication of the one that is there now.

By Mr. Chevrier:

Q. And if you had been allowed to proceed, the plans and specifications would have been exactly the same as those which we produced a moment ago in those numbers you gave to the committee?—A. Yes.

The CHAIRMAN: May I deal with this motion now?

The WITNESS: It would be a total of 800 tons of refrigeration.

Mr. CHAMBERS: As I understand the effect of the motion, Mr. Cormier would now leave us entirely?

The CHAIRMAN: Stand aside for the moment.

Mr. CHAMBERS: There was some evidence given by Mr. Cormier this morning that I would like just to develop very briefly at some time. I do not think it would take very long to clarify in my mind, at any rate, some of the statements he has made.

Mr. CHEVRIER: Personally, Mr. Chambers, I have no objection to you or anyone else interrupting but it certainly does not make for a good reading of the evidence when someone examining the witness is being interrupted from time to time. If that is the wish of the committee I will stand down.

Mr. BELL (Carleton): What Mr. Chambers is saying is he does not want this witness to stand aside without other members of the committee getting a chance. Let us follow the regular procedure the steering committee agreed upon. Let us finish with Mr. Cormier and then we will cover the other witnesses.

Mr. PICKERSGILL: I am afraid there is a motion before the committee. I have spoken to Mr. Chevrier. We are quite agreeable before our motion is decided upon that any member of the committee may ask any question relating to air conditioning. I take it that is what Mr. Chambers wishes to do.

Mr. BELL (*Carleton*): Let us finish with Mr. Cormier completely and keep to the proceedings of this committee in a regular manner.

Mr. PICKERSGILL: I think that is for the committee and not Mr. Bell.

Mr. CHEVRIER: Do I understand there are no further questions about air conditioning at this juncture.

Mr. CHAMBERS: I have a question.

The CHAIRMAN: I was going to say I thought Mr. Bell's outline of how we should proceed was in accordance with legal procedure, that we should continue with this one witness and then call the others in.

On the other hand, we are dealing with a specific matter, namely, air conditioning, and I thought your remarks that Mr. Cormier was commenting on something that has not yet been produced were also in order.

I was going to suggest—we have been lucky in avoiding motions and votes so far—and I am going to suggest, if you have no precise objection, to let our witness stand down and call Mr. Moffatt, or whoever it was because; this is precisely on the second unit and this witness was Mr. Moffatt.

Mr. BELL (*Carleton*): I do have objection to that for this reason, that I think it is evident if we get probably three other witnesses in we will never have a chance, at this particular stage of the session, to finish with Mr. Cormier.

My friends are going to take, I am sure if they get the chance, the balance of the week on air conditioning and I would like to see us finish off with Mr. Cormier. That is the agreement we made in the steering committee at the initial stage.

Mr. PICKERSGILL: On that point, Mr. Bell, there should not be any misunderstanding. You will recall perfectly well that I told you at the last meeting of the steering committee that the only way to complete our inquiry into the air conditioning was that we would have to call the other witnesses that were connected with the thing. There was no agreement on it.

Mr. BELL (*Carleton*): That is when I told you you were in breach of the previous agreement.

Mr. PICKERSGILL: You can think that if you like but there was no agreement in the steering committee on this point.

Mr. BELL (*Carleton*): When my friend is on the steering committee there is no chance for agreement. He will not agree with anything.

Mr. CHEVRIER: We have been doing pretty well this morning. Why do we not continue on?

Mr. BELL (*Carleton*): There is your witness; continue on.

Mr. CHEVRIER: I have made the motion that the testimony of Mr. Cormier be interrupted so that we hear now Mr. Moffatt and Mr. Kennedy in order to find out whether or not it is possible to save money on the \$800,000 unit. We are dealing with air conditioning, and why not dispose of air conditioning while we are at it.

Mr. CRESTOHL: And later get the opinion of Mr. Cormier.

Mr. NASSERDEN: I would like to say I am opposed to the motion. We are not investigating what is going to be done in the future; we are investigating what has been done.

Mr. LAMBERT: I am a new member of this committee but I have been reading for a long time the evidence and I am surprised at Mr. Chevrier putting forward this motion. His tactics represent those of a small boy with a garden hose spraying around. I would think that he should go forward with this witness and if there are other witnesses they could be heard in due course.

The CHAIRMAN: I have no choice. You have heard the motion. Those in favour? Those against?

The motion is lost.

By Mr. Chevrier:

Q. Resuming where we left off, you said that the extra unit you were going to install was 400 tons and you have also stated that the capacity of the new installation at the printing bureau was 840 tons?—A. No. 840 tons is what the department called for tender for the new unit they want to put in. 840 tons they got against my 400 tons.

Q. Dealing with that point, how does the capacity compare with the recommendations which you insisted upon to complete your original design?—A. It about doubles what I wanted to put in; 840 against 400.

Q. Now, dealing still and again with the specifications as originally announced, have you any comment to make on them?—A. Yes; a great number of them.

Firstly, the space reserved for a stand-by machine will not accommodate the large unit contemplated by the department.

Secondly, the reinforced concrete structure of the boiler room cannot carry it.

Thirdly, it would have to be placed on the lower level of the power plant properly reinforced with the awkward split of the controls of the refrigeration units.

Fourth, the electrical motor indicated in the specification requires a 3 phase, 60 cycle, 2,300 volt service which does not exist at the printing bureau.

Fifth, to obtain this service would require the addition of a 3 phase transformer branched from the high tension 11,000 volt service entering the building, with the necessity of a new oil breaker and my oil breaker room cannot accommodate that. Then there will be a long distance of high voltage to be carried across the building and that entails quite an expense for protection required by the electrical code.

By Mr. Winch:

Q. This comment, I understand, is on the tender which has been withdrawn?—A. It has been called publicly.

By Mr. McGee:

Q. But withdrawn?—A. They saw their mistakes later. Probably they heard of this; somebody must have told them.

By Mr. Chevrier:

Q. Would you carry on, please?—A. Sixth, the electrical controls cannot be integrated with the 550 volt main control board of the machine room. This main control board is already prepared to receive my second unit control.

Seventh, in case of failure of the 11,000 volt exterior service line, this motor could not be fed by the 550 volt emergency diesel units.

Finally, this makeshift design does not fit the orderly mechanical and electrical installation of the powerhouse.

One does not need to be a registered electrical engineer to make these remarks.

Mr. BELL (Carleton): All of which are wholly improper.

By Mr. Chevrier:

Q. Mr. Cormier, have you any additional comments to make on those seven or eight remarks which you have made in connection with these specifications?

Mr. BELL (Carleton): Let us not go further with this. It must be quite clear that he is talking about something of which he knows nothing.

The WITNESS: I can read English.

Mr. CHEVRIER: That is a gratuitous statement. We have been progressing fairly well this morning.

Mr. BELL (Carleton): When you keep your eye on the ball we get along well, but then you get off the track and try to divert the attention of the committee. You are not on the track.

Mr. CHEVRIER: This is a continuation of a procedure in this committee which was initiated by Mr. Walker. When you follow his example, you are not reflecting any dignity on yourself, Mr. Bell.

Mr. BELL (Carleton): The provocation we are receiving from you this morning, Mr. Chevrier—

Mr. CHEVRIER: You are not receiving any provocation.

Mr. SMITH (Calgary South): Perhaps these two gentlemen might step outside, Mr. Chairman.

The CHAIRMAN: This is a very useful suggestion, Mr. Smith.

Have you anything further to add to the point you have just made, Mr. Cormier?

The WITNESS: Yes. I have been commenting on the actual buying of a second unit. There are no plans for installation at all. I just thought: how could I use that, as the second unit, in my plans. I saw it was impossible. That is my comment.

From what you have just heard, they realized already their mistake. They have withdrawn this.

The CHAIRMAN: Let us stick to the facts.

By Mr. Chevrier:

Q. May I come to the discussion between Mr. Kiefl, yourself, and Mr. Kennedy? At an earlier meeting you gave some evidence of a discussion which took place concerning air conditioning between Mr. Kiefl, yourself, and Mr. Everett, I believe?—A. You mean about the change in the basis of design?

Q. I thought you did, earlier.—A. No. It was Mr. Rothwell and Mr. Cloutier who had a conversation, commenting on the condition of the printing bureau, not Mr. Kiefl at all.

Q. Well, if that is the case, that concludes my questioning on air conditioning. But I have quite a series of questions to ask about other matters.

Mr. BELL (Carleton): Please continue.

Mr. CHEVRIER: It may be that at this juncture the committee might want to ask some questions about air conditioning too.

Mr. BELL (Carleton): Our understanding was that you should finish, and that you should be given the right of way. I still would follow that understanding.

By Mr. Chevrier:

Q. Well then, I pass now to another subject, the Miron contract.

Mr. Chairman, Mr. Varcoe has just brought to my attention—Mr. Bell would you please follow this—Mr. Varcoe has just brought to my attention an error made in one of the reports at page 403.

The CHAIRMAN: No. 14.

Mr. CHEVRIER: No. 14 of our minutes of proceedings, about the twelfth line down, where it says:

"Second, excavate, if no water was present, all material to the bedrock."

It evidently meant to state:

"Second, excavate, if water was present . . ."

Mr. BELL (Carleton): Mr. Pratt tried for five minutes to get an answer to this the other day but he could not, because my friend obstructed any attempt.

Mr. PRATT: I was trying to get an answer to this the other day, but I was howled down by my friend.

Mr. CHEVRIER: No, you were not howled down. I probably objected to it because—

Mr. PRATT: Let us say because you were rather suspicious!

The CHAIRMAN: That has been the general attitude in this committee.

Mr. STEWART: You wish to strike out the word "no"?

Mr. CHEVRIER: That is right.

The CHAIRMAN: You are asking for a correction on page 403?

Mr. CHEVRIER: Yes, by striking out the word "no".

The CHAIRMAN: So that it will read:

"Second, excavate if water was present, all material to the bedrock."

By Mr. Chevrier:

Q. May we have the plans and specifications of the contract? I refer again, Mr. Chairman and gentlemen, to the contract which was signed by Miron Freres on November 5, 1949 for excavation at a price of 50 cents per cubic yard for class B material, and \$3 per cubic yard for class A material in accordance with the plans and specifications for that contract; the plans for it indicate that the contractor shall go down to levels 143-146, which we have already had in evidence.

The CHAIRMAN: You are referring to exhibit P-24.

By Mr. Chevrier:

Q. What was the total amount paid to Miron Freres under this contract?

—A. The amount paid to Miron Freres was \$238,695.50.

Q. If you deduct the cost of the fence?

Mr. SPENCER: I understood you to say that that contract called for a payment of 50 cents per cubic yard?

Mr. CHEVRIER: On class B material, yes.

Mr. SPENCER: On the first 110,000 cubic yards at 50 cents?

Mr. CHEVRIER: I did not go into all the details. If you think I should, then I will do so.

I refer now to the contract dated November 5, signed between Miron Freres and the Department of Public Works.

Mr. SPENCER: That is after the first contract was finished.

Mr. CHEVRIER: No. This is the original contract to go down to levels 143-146.

Mr. DRYSDALE: It does not say that.

Mr. CHEVRIER: Yes, it says \$55,000 according to unit price to be applied to all these undermentioned points which could be—and I translate—added to the contract or deducted; then there is \$3 a yard for the excavation and the cleaning of class A material, mass of rock which requires boring, dynamiting, including rock or boulders of 2 cubic feet or more.

Mr. DRYSDALE: What clause are you reading from?

Mr. CHEVRIER: I am reading at page 9.

The CHAIRMAN: Of exhibit P-24.

Mr. CHEVRIER: Fifty cents per cubic yard for the excavation and evacuation, cleaning of the surface of class B material.

Mr. DRYSDALE: While you are on that point—my French translation is not too good—but I understood the contract was \$55,000 more or less. In other words, it included additions or subtractions. Then would you read clause 8?

Mr. BELL (Carleton): There is an English copy of it around somewhere. However, I have great confidence in Mr. Chevrier's ability to translate.

Mr. DRYSDALE: Contract No. 2 is in English, which compares with contract No. 1.

The CHAIRMAN: You seem to be doing very well in your translation.

Mr. SPENCER: My understanding is that the first contract was finished in the fall of 1949.

Mr. DRYSDALE: I can read it for you.

All the clauses of this contract shall apply to any changes, additions, deviations, or additional work, so ordered by the engineer, in like manner and to the same extent as to the works contracted for.

So the impression I got is that the \$3 per yard for class A and 50 cents for class B would apply to any additional material. It is a matter of interpretation.

Mr. CHEVRIER: If we are going to interrupt the meeting...

The CHAIRMAN: Let us stick to our procedure.

Mr. CHEVRIER: I need only refer to the plan which states that the contractor must go down to 143 and 146.

Mr. DRYSDALE: Section 1 refers to the plan—true; but these other sections, reading the contract as a whole, refer to any addition or diminution at those particular prices. There is no other variation of prices.

Mr. CHEVRIER: I do not think there is any purpose in arguing the point, but my contention is—yours might be to the contrary—but my contention clearly is that this is a contract between Miron and the Department of Public Works to go down to elevation 143 and 146 at this price, and it means nothing else. Therefore, if the contractor was told by public works to go down to a deeper level, he was entitled to more money, and the more money would be the negotiated price between the departmental officers and the contractor.

Mr. PRATT: I wonder if Mr. Chevrier would permit me to ask a question which might have some bearing, and which might bring enlightenment on some material.

The CHAIRMAN: Let it be clearly understood that the chair is not trying to stop you. I have overlooked your many interruptions, some of which have been very useful, and we are not trying to stop you. So, do not make any allegation this morning that you are being foreclosed.

Mr. PRATT: This is exhibit P-12, which Mr. Cormier will recognize as the original—

Mr. CHEVRIER: What is this now, Mr. Pratt?

The CHAIRMAN: Are we getting off on a tangent again?

By Mr. Pratt:

Q. I am asking you, Mr. Cormier, if you would mark a few typical piers?—A. That is a preliminary drawing.

Q. Yes, these are preliminary drawings. This is a preliminary intention we are trying to prove.—A. Nothing is done there.

Q. And no rock surface shown; there are piers, is that true?—A. No, they are columns.

Q. To rest on piers?—A. Yes.

Q. May I ask you to mark the slab?—A. The basement slab is not shown there—only the level of it.

Q. The level of the basement slab is shown?—A. Yes.

Q. This is the level of the basement slab?—A. Yes.

Q. And these are the columns which will rest on the piers?—A. Yes.

Q. Now, will you show me where these piers go below the basement floor slab on the way to bed-rock?—A. I do not have to show that on preliminary drawings.

Q. Will you answer the question?—A. It should not be shown on preliminary drawings.

Q. In other words, on these preliminary drawings, which the committee will remember were the only plans filed when I examined you, there are no indications we are going to bed-rock there?—A. No, and I did not specify anything for the roof at that time either.

Q. We are speaking about the foundations, Mr. Cormier, and you show no indication of going to bed-rock. It was in your mind?—A. No, at that time nothing was decided on that. Those are preliminary drawings, if you understand what that means for an architect.

Mr. DRYSDALE: Mr. Chairman—

The CHAIRMAN: I do not want any more interruptions; you can see what happens when we are interrupted.

Mr. CHEVRIER: Then, may I go back to my question?

The WITNESS: Mr. Pratt, these drawings have nothing to do with contract No. 1. They were made—I do not know—about a year before that.

Mr. PRATT: This is the precise point I was raising the other day. The other day we did not have contract No. 1 filed. You were basing all your decisions and remarks on these drawings. I said they were too preliminary. I am not criticizing the drawings as architects' drawings. For the stage which they represent, they are excellent sketches. I want that understood.

The WITNESS: Oh, are they; thank you, Mr. Pratt!

Mr. CHEVRIER: All condescending.

Mr. PRATT: I have never said anything else, Mr. Chevrier.

These are too preliminary plans which do not show the piers or any markings of piers going down to bed-rock.

Mr. CHEVRIER: Are we now having an opinion? You have been complaining of me, Mr. Bell, but there is the same kind of thing.

Mr. BELL (Carleton): The same kind of thing that you have been doing. I am glad my friend admits that.

Mr. PICKERSGILL: Not the same kind.

By Mr. Pratt:

Q. Mr. Cormier, when you raised the floor 18 inches did you reduce the height between the floor and the ceiling, or did you raise the entire building at an excess cost?—A. I reduced the height between the floor and the ceiling at no excess cost over the protest of the contractor who did not have the equipment to fill his piers for that foot and a half. He had to spend about \$28,000 more in order to be equipped to do it.

Q. You did not pay any excess cash, but you reduced the value of the building by reducing the height between the floor and ceiling, is that right?—A. Yes. Do you think you are going to pile rows of paper 13 feet high in the basement?

Q. I am merely saying that in the original plans you had a certain height between the floor and the ceiling and it was reduced when you raised the floor 18 inches.—A. There again you are talking about preliminary plans.

Q. Do not consider that I am questioning you as an architect, I am merely speaking to you as a member of this committee. I am not speaking to you as an architect.—A. Yes, surely.

By Mr. Chevrier:

Q. Would you give me the total amount which was paid to Mr. Miron for the first contract, and for the additional work involved in going down to bed-rock?—A. \$238,695.50.

Q. And if you deduct the cost of the fence— —A. \$8,000.

Q.— —it will leave the total paid as how much?—A. \$230,695.50.

Q. On that basis how many cubic yards were excavated including boulders?—A. There were 226,197 cubic yards including boulders.

Q. What is the average cost per cubic yard on that basis?—A. If we include boulders the average cost is \$1.02 against the \$1.03 that you had without boulders.

Q. How does that average price compare with bids received for the first contract?—A. This average price of \$1.02 compares most favourably. There is only a difference of seven cents from the unit price tendered originally by the reputable firm of Ed. Brunet & Fils, who asked 95 cents for the removal of earth one-half of the height of earth removed by Miron & Freres in adverse conditions with the adverse materials found. This shows the various advantages of the negotiations of Mr. E. P. Murphy in regard to unit prices for work not included in the scope of the original contract.

Q. Who negotiated these prices with Miron & Freres?—A. E. P. Murphy, the deputy minister at the time.

Mr. BELL (Carleton): That is only seven cents higher than the highest tender.

Mr. PICKERSGILL: For half the distance.

Mr. BELL (Carleton): We are making a comparison with the eight highest of nine tenders.

By Mr. Chevrier:

Q. Would you produce the plans for contract No. 2, that is, piers and footings?—A. Will this be returned to me right away?

Q. Perhaps we can get this from the Department of Public Works. I am referring to contract No. 2, piers and footings.

The CHAIRMAN: Has that been produced, Mr. Chevrier?

Mr. CHEVRIER: Yes, that was produced.

The WITNESS: Where is that?

Mr. CHEVRIER: Someone has taken that. Who has the plan for contract No. 1? The plans for contract No. 1 are apparently in the committee room.

Mr. DRYSDALE: I returned them to Mr. Kemp. I had them, Mr. Chevrier, but I returned them to Mr. Kemp.

The CHAIRMAN: Which exhibit are you referring to?

Mr. CHEVRIER: I would like to produce the plans for contract No. 2 in respect of piers and footings.

Mr. PRATT: May I ask a question in regard to piers and footings? This will only take one minute.

The CHAIRMAN: Can you guarantee that?

Mr. PRATT: Yes.

The CHAIRMAN: Go ahead.

By Mr. Pratt:

Q. I would like to ask Mr. Cormier what he meant when he said: "...because the foundations I had in mind were in the shape of weights at each pillar, that was an economical way of setting a foundation on dry ground—"? I would suggest that the foundations were to be placed on the ground, not bed rock. Can you answer that question, Mr. Cormier?—A. You did not understand. I always intended, from the beginning, to put that very heavy construction on bed rock.

Q. But you had no plans that showed that?

Mr. CRESTHOL: He has just gone over contract No. 2 in respect of foundations and you received that plan.

By Mr. Pratt:

Q. What about the question I have just asked? Mr. Cormier said: "...because the foundations I had in mind were in the *shape of weights at each pillar...*"

Mr. PICKERSGILL: Your one minute has expired.

By Mr. Pratt:

Q. "...that was an economical way of setting the foundation on dry ground but it would have been very costly on damp ground."

I would think that suggests that the foundations were to be placed on the ground, and not on rock. I would ask Mr. Cormier to explain that.—A. What I had in mind was that the material was to be excavated for the piers. If it was dry material it would be easy to instal them; but if it was wet material, it was not to remain there, but had to be excavated, and it would be very costly.

The CHAIRMAN: Gentlemen, we will adjourn now, and meet at 9.30 tomorrow morning.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament
1958

Government
Publications

STANDING COMMITTEE
ON
PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 19

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

TUESDAY, SEPTEMBER 2, 1958

WITNESS:

Mr. Ernest Cormier, Architect, Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton,

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserden
Bissonnette	Hales	Nugent
Bourget	Hanbidge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Calgary South</i>)
Carter	Lambert	Smith (<i>Simcoe North</i>)
Cathers	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Chambers	Martel	Spencer
Chevrier	McGee	Stewart
Crestohl	McGregor	Valade
Dorion	McMillan	Villeneuve
Drouin	Morissette	Walker
Doucett	Morris	Winch
Drysdale	Morton	Wratten

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

TUESDAY, September 2, 1958.
(22)

The Standing Committee on Public Accounts met at 9:30 a.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Benidickson, Bissonnette, Bourget, Bourque, Campeau, Carter, Chambers, Chevrier, Crestohl, Dorion, Doucett, Drysdale, Hales, Hardie, Keays, Lambert, Macnaughton, Martel, McGregor, Morissette, Morris, Morton, Murphy, Nugent, Pickersgill, Smith (*Calgary South*), Spencer, Stewart, Villeneuve, Walker, Winch, and Wratten—(34).

In attendance: Mr. Ernest Cormier, from Montreal; Mr. F. P. Varcoe, his Counsel from Ottawa; From the Department of Public Works: Major General H. A. Young, Deputy Minister; Mr. J. O. Kemp, Contracts Division, Building Construction Branch; and Mr. C. W. Watson, Mechanical Engineering.

The Committee resumed consideration of the Public Accounts for the year ending March 31, 1957 and its examination of Mr. Cormier regarding the construction of the Printing Bureau in Hull.

Mr. Cormier asked permission to clarify an answer which he gave on Friday, August 29, in reply to Mr. Chevrier, dealing with an interview he had with General Young. Mr. Varcoe was allowed to read a statement thereon.

The Chairman stated that in view of the interim report which the Committee is making and in view of his intention to submit same to the steering committee, he suggested—and it was agreed—that a meeting called for 2:30 this day be cancelled.

Mr. Chevrier continued his questioning of Mr. Cormier whom he re-examined on

- (a) General estimate for the six awarded contracts and the actual cost of the Printing Bureau
- (b) the splitting up of contracts and the savings or otherwise thereof
- (c) the reasons for the delays encountered during the construction
- (d) Contract No. 2 (*exhibit P-19*)
- (e) Contract No. 4 (*exhibit P-21*)
- (f) Contract No. 6 (*exhibit P-23*) and a report thereon from the Chief Architect to the Deputy Minister
- (g) additional work on Contract No. 6
- (h) uncompleted works on Contract No. 6 and Mr. J. M. Kennedy's report thereon
- (i) the calling of tenders and cost per cubic foot, etc., etc.

Copy of a document headed PRELIMINARY ESTIMATE, April 1949, (Printing Bureau) was produced and marked *Exhibit P-25*.

In the course of examination, Mr. Chevrier referred to two memoranda of the Chief Architect to the Deputy Minister, dated September 12 and September 17, 1952 respectively, dealing with certain items discussed with Mr. Cormier; these memoranda were filed and ordered printed. (See Appendix "F" and "G" to this day's evidence).

The witness commented on the revised report of Mr. Powers concerning alleged waste space of the Printing Bureau.

General Young was called to identify documents marked Appendix "F" and "G".

At 11:00 o'clock the Committee adjourned to the call of the Chair.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

TUESDAY, September 2, 1958.

The CHAIRMAN: Gentlemen, I see a quorum.

Mr. Cormier has just advised me that he would like to make a statement to us at the request of General Young. Is this agreeable to the members of the committee?

Ernest Cormier, (Architect and Engineer), called:

The WITNESS: Would I be allowed to have Mr. Varcoe read my statement because with this light and my age I can do it with difficulty.

The CHAIRMAN: Certainly.

F. P. VARCOE, Q.C. (*Counsel for Mr. Cormier*):

General Young has called my attention to an answer given by me on Friday, August 29, at page 494 of the minutes which he considers should be corrected. The question asked me by Mr. Chevrier was:

Did you have any discussion with him (General Young) concerning the printing bureau at any time?

Answer: No, I did not answer his criticisms. I now recall that at the meeting of June 28, 1956, in the board room of the Department of Public Works, General Young expressed his concern over some aspects of the printing bureau contract and singled out for specific discussion what he described as the uncomfortable temperature and humidity conditions in the building. After the meeting on Friday, General Young called my attention to the minutes of that meeting which contained the following passage:

Mr. Cormier replied that the conditions as laid down by Mr. Powers, the hired printing consultant, and the office of the Queen's printer stipulated that conditions throughout the building were to be maintained at a temperature of 80 degrees F. and a relative humidity of 55 per cent, and consequently the air conditioning equipment was designed to produce these conditions. After some discussion, it was agreed that the present refrigeration plant, air conditioning equipment, ductwork, diffusers, etcetera, were not suitable to maintain any lowered temperature and humidity conditions than the conditions for which the systems were designed for, and if the printing bureau now requested alternate temperature and humidity conditions, major changes and additions to the existing equipment would have to be contemplated.

In view of my explanation as recorded in the minutes, I dismissed the matter from my mind as requiring no further consideration by me.

By the Chairman:

Q. Is that your statement?—A. That is my statement.

The CHAIRMAN: Gentlemen, may I interrupt here? Perhaps I should have mentioned this at the beginning. Yesterday afternoon and evening I worked vigorously on an attempt to draft an interim report on some of the matters we have considered, and in a manner of speaking, finished.

I would like your concurrence to submit this draft report which has not been seen by anyone except myself to the steering committee this afternoon and this evening, the reasons being that if rumours are correct the session may be coming to a close and I think after four weeks of intensive investigation we should try to produce at least an interim report on certain matters we have discussed.

May I suggest that our meeting this afternoon, having that in mind, be cancelled and that the time be devoted by the steering committee to a consideration of this draft interim report.

Mr. WALKER: That is an excellent idea, Mr. Chairman. I think we would all concur.

Agreed.

The CHAIRMAN: Our witness this morning is again Mr. Cormier, and I think Mr. Chevrier was continuing.

By Mr. Chevrier:

Q. Thank you, Mr. Chairman. Yesterday we were discussing plans, but before I revert to plans I would like to direct your attention to estimates for a moment. I would like to ask you, Mr. Cormier, if you gave the Department of Public Works at any time after your appointment and prior to the estimate which you gave as the contracts progressed, a general estimate of the cost of this work?—A. Yes, I did make an estimate on the cubical measurements of the building in April 1949. The exact date I have not got here. There would be a copy on the file of the department.

Q. What was the amount of that estimate?—A. \$8,297,000.

Mr. WALKER: When was that, Mr. Chevrier?

Mr. CHEVRIER: April 1949.

By Mr. Chevrier:

Q. Will you explain to the committee how that estimate would compare with the actual expenditures on the project?—A. Well, first, to this amount of \$8,297,000 must be added all that is not included in these measurements—that is for the building alone.

The actual cost of excavations \$238,695.50.

Foundations \$241,989.27.

Original site development \$120,376.10 making a total of \$601,060.87, to be added to my estimate bringing it up to \$8,898,060.87.

Now, to this again must be added additional work requested, first by the Technical Research Committee of the Printing Bureau. This is \$209,499.98.

By Mr. Bell (Carleton):

Q. Would you repeat the figure please?—A. \$209,499.98.

By the Fire Commissioner \$106,952.56.

By the Federal District Commission \$285,794.22.

By the Chairman:

Q. I am sorry, is there not a mistake there?—A. \$285,794.22. That makes a total of \$502,146.76. Added to the previous amount it brings that estimate to \$9,400,207.63.

To this must be added an amount corresponding to the increase in cost index from 1949 to the dates of the contracts, numbers 4, 5 and 6.

Number 4, the amount applied on cost index of 1949 to June 30, 1950. That is 14 per cent of \$1,771,219 or \$70,848.76.

On number 5 the amount which the cost index increased from 1949 to August 22, 1951, that is 26 per cent of \$822,185, or \$213,768.10.

On number 6—

By Mr. Bell (Carleton):

Q. I am sorry, you are going too rapidly.—A. This is difficult but I want it published so you will have a chance to see it.

Mr. CHEVRIER: I think perhaps we can file this afterwards.

By the Chairman:

Q. Would you repeat the figure?—A. The last one?

By Mr. Bell (Carleton):

Q. Yes.—A. For number 5?

Q. Yes please.—A. The amount added is the increase in the cost index from 1949 to August 22, 1951, would be 26 per cent of the amount of the contract \$822,185, or \$213,768.10.

Number 6, the cost index from 1949 to the date of the contract, October 29, 1952, the cost index to be applied 32 per cent of \$7,999,982 or \$2,559,994.24, making a total of those three items of \$2,844,611.10.

That last amount added to the last total would bring my estimate adjusted to 1952 to \$12,244,818.73.

By Mr. Chevrier:

Q. What was the actual expenditure on the property?—A. \$12,173,014.06.

I do not think the Department of Public Works ever had an estimate as close as this in all its history.

Q. Now, Mr. Chairman, may I ask that this—A. I should add one thing before we go further. These cost indexes have been based on cost indexes published by Engineering and Contract Record if you want to verify them.

Mr. CHEVRIER: May I ask for leave to file this as an exhibit?

Mr. WALKER: Excuse me, Mr. Chevrier, was that filed with the Department of Public Works and is a covering letter with it?

Mr. CHEVRIER: The original estimate based on the cubical measurements of April 1949 was given to the department by Mr. Cormier, as Mr. Cormier has stated originally.

Mr. BELL (Carleton): He gave testimony the other day that he had not given any estimate.

The WITNESS: No, I said I did not have it in front of me, that it was in Montreal.

Mr. CHEVRIER: Mr. Bell, I do not think that is being accurate. What he said to you was that he could not recollect and he would go back to Montreal and ascertain whether he had done it. I think it could be verified fairly easily whether or not this estimate has been given to the Department of Public Works.

May I file this as an exhibit?

The CHAIRMAN: What are you filing, Mr. Chevrier?

Mr. CHEVRIER: The general estimate.

The CHAIRMAN: Preliminary estimate made during April 1949 by Mr. Cormier.

Mr. CHEVRIER: And the comparison of the estimate and the actual cost which Mr. Cormier has now put on the record.

The CHAIRMAN: Will you file this as exhibit P-25?

(Preliminary Estimate dated April 1949 together with comparison between estimate and actual cost filed as Exhibit P-25.)

By Mr. Chevrier:

Q. Now, while I am on the subject of estimates, Mr. Cormier, would you tell the committee (this was the preliminary estimate) would you tell the committee what other estimates you prepared for the Department of Public Works, so that we will get this question of estimates cleared up once and for all?—A. I gave an estimate for the excavation and that was above the actual expense. I gave an estimate of \$282,500, and they spent \$238,695.50.

Q. That was on contract number 1, was it?—A. Contract number 1.

Q. What was the date of that estimate?—A. May 16, 1949.

Q. Would you continue with any other estimates which you made?—A. I gave an estimate on contract No. 2, foundations, on October 17, 1949. My estimate was \$204,730, and the cost of the work when completed was \$241,989.27. That is the only case in all these projects where my estimate was lower than the actual cost. There was a reason for it which I can explain later on, if you wish.

I gave an estimate on contract No. 3 for the purchase of the diesels—contract No. 4—I gave an estimate on July 15, 1950. My estimate was \$2,403,000, and the work was completed for \$2,078,149.34.

On contract No. 5, I gave my estimate on December 3, 1951, for \$913,200. The work was completed for the amount of \$847,231.25.

On contract No. 6, I gave my estimate on October 27, 1952, and the amount of that estimate was \$8,701,600. The work was completed for \$8,694,723.77.

I do not think anybody can obtain better estimates than these.

Q. Did those cover the six contracts?—A. That is right.

Q. It has been stated here in evidence that the splitting up of this project into six successive contracts increased the cost. Would you please tell me whether that is so or not?—A. No. It has resulted in considerable economy.

Q. Why do you say that?—A. Because every time I avoided by using people who are specialists in the kind of work that the contract covered. I have had specialists, and thereby I have avoided the percentage which any general contractor would have to add to the sub-contract, if he wanted to stay in business.

I can give an example. In the case of contract No. 6, the general contractor performed that contract No. 6 work for \$2,783,731; and he sub-let that for an amount of \$5,216,251. So that on these sub-let contracts he had applied a percentage.

He would not take the responsibility of \$5 million without something for his risk. So by sub-dividing the contracts, I have avoided that percentage.

The Department of Public Works generally allows ten per cent over and above the cost for these things.

Q. It was also stated in evidence, Mr. Cormier, that the giving of six contracts rather than one decreased competition.—A. Not at all, the proofs are there.

Q. Will you please explain?—A. For contract No. 1, there were nine tenders opened on May 18, 1949.

This was for the excavation and a lot of contractors tendered on it—for contract No. 2 we have five tenders which were opened on November 9, 1949.

For contract No. 3—that was for the diesel engines—we had six tenders opened on March 31, 1950.

For contract No. 4 we had three tenders opened on September 18, 1950.

By Mr. Walker:

Q. Which one was that, please?—A. That was for the concrete structure of the plant.

Q. Yes?—A. And for contract No. 5 we had the three same tenderers coming in again, and the tenders were opened on August 23, 1951.

And for the last contract, No. 6, we had four tenderers instead of three, and the tenders were opened on November 29, 1951. The most important firms were very busy at the time on defence work. Nevertheless, they tendered.

By Mr. Chevrier:

Q. It was also stated in evidence that the splitting of this project into six contracts delayed the work.—A. No, it did not. First let me say that I never delayed any contract for the want of plans and specifications. I was always in advance with them.

There were no delays by splitting this into six contracts, because the tenders for the next contract were always opened before the preceding contract was finished. There was no interruption at all, all the way through.

Q. Let me turn now to contract No. 2.—A. Before we leave this question of dates, it has been stated—I do not know how many times—that the duration of the contract for the building has been much too long.

Q. Let us deal with that question right away. It has been stated in evidence that this project took anywhere from eight to ten years. Would you tell me when the work was started on the project, and when it was completed?—A. The first contract was let in June, 1949, and No. 6 contract was finished—or 98 per cent finished—on the date that it should have been finished. I have not got the exact date here but I can find it. But we were delayed one year because of the changes in the site development.

Q. My question was: when was the project started, and when was it finished?—A. I gave you the date when it was started. Now I will give you the date when it was finished.

It was finished on October 19, 1955.

Q. And that makes how many years?—A. I will figure it out. It is six years anyway.

Q. Six years and two or three months?—A. And on top of that there was a year for the site development which was finished on December 21, 1956.

Q. So that what you are now telling the committee is that the actual construction work took six years.—A. That is it.

Q. And a number of months?—A. If you compare this with other buildings you will see that I had a floor load of 400 pounds per square foot of floor; and if you compare that with other buildings, you will see that I had six to eight times as much concrete to pour for this building as for any other building, on account of the lower floor load in the other buildings.

Q. What is the effect of that on the time for construction?—A. It takes more time to pour that extra amount of concrete; it could be multiplied by six. The ordinary time could be multiplied by six to figure out how long this contract should have lasted.

Q. While you are on the subject of time, you did say something about delays the other day, but you did not complete what you started to say.

Will you give to this committee—first may I ask this: were there any delays because of the Korean war or because of the steel controller?—A. Oh yes, there were many delays.

Q. Would you mind listing them please?—A. Yes. I emphasize again that there were no delays due to the lack of plans. Throughout, these plans were always delivered and tenders received before the previous contract was completed.

Now, the various delays were these: the flood; there was a flood which lasted from April 16, 1951 until May 18, 1951.

We were affected by the flood because the exterior walls—our work was not completed. We had a three-sided box; the other side was open.

Now, there were delays by the steel controller; the delay was from May 1, 1951 to November 19, 1951, and more. There is a claim from the general contractor amounting to \$177,990.54, due to these delays. This was the increased cost to him of the construction.

Now, there were delays due to liberating the site. Old buildings were to be demolished by the Department of Public Works. I think they called tenders on that and took a lot of time. Pilon Lumber yard could not vacated. It took one year and six months after the contract was awarded to get the site vacated.

The Federal District Commission called for eight revisions of my plan No. 37 of the site development, and that took one year.

By Mr. Chevrier:

Q. What do all these delays total?—A. Two years; more than two years, because the steel controller—I cited the important portion of the delay—but steel came to the job very, very slowly after that. It took about two years.

Q. May I now leave that and go to contract No. 2?—A. I could say as to the rapidity, the average speed of pouring the concrete,—

Q. Yes?—A. —per week we poured 1,100 cubic yards of concrete. That would interest Mr. McGregor, I think.

Q. Each week?—A. Each week 1,100 cubic yards of concrete was poured and 110 tons of steel was bent and put in place. All the concrete was mixed on the job. We had a concrete plant on the job and I insisted on that for a close control of the water in the mix and control of the slump of concrete.

The CHAIRMAN: Gentleman, there is too much noise; I can hardly hear the witness myself and I am sure you cannot at the far end. I am sorry, Mr. Cormier; will you proceed.

By Mr. Chevrier:

Q. May I go to contract No. 2 and could I have the production of the plans for contract No. 2—plans and specifications? Here it is, Mr. Cormier.—A. But I want to take mine and read from mine.

Q. Are you now looking at plan F-1?—A. Plan F-1.

Q. Of the piers and footings?—A. Yes.

Q. For the building?—A. Yes.

Q. Which has been put in evidence as Exhibit P-19?—A. Yes. By the way, I may say that there are no footings in there because I was on solid rock and we do not make any footings on solid rock.

Q. I was going by the wording on exhibit No. P-2, this contract No. 2 foundation, piers and footings?—A. Yes.

Q. Can you tell me what data and information are required to prepare a plan such as this?—A. Well, we need to know first the levels, the levels of the floor, the first floor. These cover piers from the rock surface to the basement floor and the most important part is the loads on these piers.

Q. The loads?—A. So that really the concrete structure must be studied and all figured before I can determine the loads on each of these piers.

Q. Now, it has been stated in evidence that these plans did not contain sufficient data to enable you to call for tenders. What have you to say about that?—A. Well, on the right-hand corner at the top I give the dimension of the piers. Now, I was not to put the dimensions on these piers 540 times. This drawing in the corner states the dimensions of piers. As

to the walls at various places, I never repeated the thickness of the wall, which is the same all over the place. Now, I could not repeat it more often. It is stated here at the bottom that all the panels, the bays, are 24 feet. I did not need to mark 24 feet 500 times. It is very, very plain on that and no contractor has complained of lack of information.

By Mr. Bourget:

Q. Mr. Cormier, may I ask you if it is the general practice to have the dimension on one pier only, if they are all the same; is that a standard practice?—A. Oh, yes.

Q. Is that the general practice?—A. It would be very amateurish if one did otherwise.

By Mr. Chevrier:

Q. It was stated in evidence that the dimensions were not satisfactory; what is your reaction to that?—A. Well, every bay is 24 by 24, that is all we need as a dimension.

Q. It was also stated in evidence that the depths were not accurate enough?—A. The rock surface was uncovered at the time so that the rock surface varies from one corner of the building to the other from 22 feet to about 3 feet at the other end. The only way was for the contractor to examine the site; he was obliged to examine the site according to specifications and he took the physical appearance of the rock surface as being the rock surface.

Q. In your opinion did this plan for No. 2 contain all the information necessary to enable proper tenders to be made on the foundation?—A. It gives all information necessary to give proper—

Q. Did any of those who saw the plans and specifications complain?—A. Oh no, none of them. They never did.

Q. Now then, may I leave this. Oh yes, were there any complaints about the specifications in No. 2?—A. No.

Q. May I then go to contract No. 4? May I have the plans for contract No. 4 please? I am overlooking No. 3, Mr. Chairman, because it is a contract for equipment supply only of diesel generators. I am assuming, and I think rightly so, that there is no question about the plans and specifications for that. Do you want to use this plan, or your own?—A. I have not got them.

Q. I hand you, Mr. Cormier, the plans for contract No. 4—concrete frame for the main building.—A. Yes.

Q. This was filed here as Exhibit P-21. Will you look at the plan and tell me how many drawings it contains?—A. This is a bound copy, so it should be complete. I count 15 drawings.

Q. Fifteen drawings. What data and information are necessary in a plan of that nature to enable a contractor to tender?—A. He must first have the general layout, the key plan of the general layout of the column centres. He must have detailed drawings of each element of concrete that comes into this contract. They are all shown here in a much more complete state than is generally being given by the specialists on reinforcing concrete.

Q. Did that plan contain the necessary data to enable a contractor to submit a price?—A. Oh, yes, much more than what is ordinarily given.

Q. Did any of the contractors complain about the inadequacy of the plans or of the specifications?—A. No, nobody did.

Q. May I pass on quickly to contract No. 6? I will not ask you to produce those.—A. There is contract No. 5, but exactly the same answers apply.

Q. I am sorry, contract No. 5 was for the powerhouse and the garage structure?—A. Yes.

Q. Were the necessary data included in that plan and specifications to enable a contractor to tender?—A. All the necessary data was supplied.

Q. Coming now to contract No. 6, which is the large one for \$7,999,000, may I ask you the same questions?—A. There were 46 plans and specifications.

Q. And in your opinion was there sufficient information in order to enable a contractor to submit a tender?—A. There was sufficient information.

Q. May I leave that for a moment and ask you to consider the question of the first report made by Mr. Gardner to the deputy minister.—A. I have a copy of it here. The date on this document is September 3, 1952.

Q. It is dated September 3, 1952 and Mr. Gardner— —A. No, no. That is the date on the report that Mr. Gardner showed to the deputy minister at the time.

Q. The date is September 3, 1952?—A. Yes. I think he showed it to the deputy minister about a week later.

Q. What was the report directed at?—A. There were three—

Q. What contracts is it in regard to, before you go any further?—A. Contract No. 6.

Q. Exclusively in regard to contract No. 6?—A. Yes, exclusively in regard to contract No. 6. That is the report that the deputy minister was very much upset about.

Q. Yes. Can you give us, in a general way, the contents of that report without going into it in great detail, because I understand it is a fairly lengthy one?—A. Yes.

Q. Give us the main points of Mr. Gardner's report to the deputy minister.—A. This can be divided into three sections.

Q. Yes?—A. Architectural—that did not last very long—mechanical and electrical.

Q. Will you deal with each one of these?—A. In regard to the architectural sections, first, I do not know why that report was made because during my interview with Mr. Gardner on September 16, 1952, we went through the architectural part, and nothing remained in question there. The only thing that was added later was the calling of alternate tenders for granite and limestone. I specified directly granite.

When we came to the mechanical section, Mr. Hamel was brought in. He was the engineer at the time. In regard to that report there is also the question of comparison of what has been installed—machinery in the Supreme Court, and that of the printing bureau. Mr. Hamel related the trouble which he had with the Supreme Court machinery. I pointed out to him things that he never before realized. That was, that the machinery for chilling the water was based on an entirely different principle. The one consisted of a water-vapour compressor whereas in regard to the other one, the compressor used a refrigerant Freon eleven. He agreed to that. He had not seen that. That wiped out a great part of his worries.

He pointed to various details. For instance, he insisted that for high pressure steam above 125 pounds I should use extra heavy pipe. I showed him the specifications and it was there. He had not seen that.

As a result of the examination in regard to the mechanical part, Mr. Gardner, after hearing my remarks, said "no change".

Now we come to the electrical section. In regard to the electrical part Mr. Sterling was brought in. We went over all his remarks. I have here a copy, in ink, of my answers to him.

Of course, many of these would have been all right in regard to an ordinary building; but this was a printing plant, an industrial building, and I could not put in the ordinary installation that is put in an ordinary building. So, I said, "no" to all his remarks, really. He did not comment at all on my remarks, but when he went out I stayed in, and after that Mr. Gardner agreed that I leave my plans as they were.

One of Mr. Sterling's remarks was that my plans for the electrical work were not complete. Of course, he was probably referring to the comparison of this plan with the ordinary electrical plans that are made showing all the various circuits, switches and positions of switches and so on. That system did not apply to the printing bureau. I never make electrical plans that way. I always pattern my plans to the needs of the special projects I am making, and I set aside the routine methods of showing the work. There is never any routine in my office.

By Mr. Winch:

Q. Who drew the electrical plans?—A. I did it with my own hands.

By the Chairman:

Q. Who is Mr. Sterling?—A. He is the electrical engineer for the Department of Public Works. He said these were incomplete. That has been proven to be entirely wrong, because I had four of the largest and most reputable firms in the district of Montreal and Ottawa who gave tenders. I can give you what their tenders were. I even have photostats of their tenders. Bedard & Girard estimated \$925,000 for the electrical work, and that was only according to the information they have here; B. B. Electric of Montreal, \$925,000; Mofax Electric Limited, \$986,000; Canadian Comstock, \$996,000; Standard Electric Company, \$1,091,058. My estimate for that work was \$1,030,000.

By the Chairman:

Q. What is the date of your estimate?—A. October 27, 1952.

By Mr. Chevrier:

Q. Before that did any of these contractors complain about the insufficiency of the plans for the electrical work?—A. None at all; and you can see by the tenders how close they are. The main thing which probably gave an idea to Mr. Sterling is that there is no general floor plan of the electrical installation. Here in the corner, on a very small scale, is the general plan showing all the bays and also what is to be connected with each power centre. So that any electrical contractor can understand that. I have given in detail eighteen bays, a group of eighteen bays together, a sample of eighteen bays. There are on the job 1,320 bays and I do not have to repeat the same thing 1,320 times. The moment they have one they can apply it all over. It is well detailed. I gave the sizes of the conduits and the sizes of the wires. This is three-phase four-wire distribution. I gave the size of the neutral wire. It is very complete. Also I gave the balancing of the phases. What more does anyone want? There is the complete feeder diagram linking all load centres. There is also sufficient detail for the main panel board. There is nothing else which could be added. I even showed something about the connections of my transformers to the three bus-bars. Nothing could be added.

Q. Following the discussion which you had about the architectural, mechanical and electrical parts of contract No. 6, did Mr. Gardner make a subsequent report?—A. Oh, yes: a condensed report. That is how the plans and specifications were sent out for tender.

Q. Do you have that report?—A. The main point in this—

Q. What was the gist of Mr. Gardner's report?—A. The main point was to call tenders for alternate granite and limestone. I was ready to accept bricks, but on the condition that I would select the proper brick, and that proper brick would have been American brick. They disregarded the question of brick entirely and we called tenders on granite and alternate tenders on limestone.

Q. On the architectural aspect, you called tenders on granite and limestone?—A. Yes.

Q. And on the mechanical aspect there were no changes?—A. No.

Q. And on the electrical aspect there were no changes?—A. No.

Q. I would like to have produced here, if possible, the report following that discussion with Mr. Sterling, Mr. Hamel and Mr. Gardner and others.

Mr. PICKERSGILL: Is not that the document which was already read into the record?

Mr. BELL (Carleton): Mr. Gardner testified at length on this.

Mr. CHEVRIER: It has been read in part in the record, but I would like to have as an appendix both the first letter of—

Mr. WALKER: September 12.

Mr. CHEVRIER: And the subsequent one. Could we pass on by saying we will have them put in? Mr. Walker did examine on these, and parts of these reports have been put in.

Mr. BELL (Carleton): I think the letter of September 12 was read in full. I have no objection to it.

The CHAIRMAN: If there is no objection, let us file it as appendix "F" and have it printed.

Mr. PICKERSGILL: It is a memorandum to the deputy minister. It is the top two documents here.

Mr. CHEVRIER: General Young, would you identify this? Is this the report we are discussing—September 12, 1952, printing bureau, tender call for completion?

Major General H. A. YOUNG (Deputy Minister, Department of Public Works): Yes.

Mr. CHEVRIER: And is this the one of September 17, 1952?

Mr. YOUNG: Yes.

The CHAIRMAN: It will be appendix "G" and will be printed in the record. Agreed.

By Mr. Chevrier:

Q. Now, may I come quickly to contract No. 6 and discuss it in greater detail. You have given evidence on the excavation contract and you had two civil engineers who represented you. Did you have any representatives, or inspectors, on contract No. 6?—A. Yes. Mr. Tyghe.

Q. Would you give the qualifications?—A. Mr. Robert Tyghe, who had been sixty years in the construction business, nineteen of which were with Canadian National Railways; chief inspector of construction, which included bridges and buildings. He was very highly recommended to me by Canadian Inspection and Testing Company.

Q. Who else did you have?—A. That was the only one for foundations.

Q. We are talking about number 6 now.—A. He was there, but on number 6 I had also J. M. Bailey for the mechanical and electrical part.

Q. It has been given in evidence that on number 6 there were no unit prices, is that correct?—A. Will you let me speak for Mr. Bailey, the same thing I did for Mr. Tyghe?

Q. Yes.—A. His experience, he served his time as a mechanic and then was with Canadian National Railways as superintendent of motive power in various locations, transferred to Toronto as superintendent of motive power. He had a wide experience in mechanical and steam boiler work.

Q. I come back now to number 6. It has been stated in evidence that there were no unit prices on this contract, is that correct?—A. That is correct.

Q. Why were there no unit prices on contract number 6?—A. Because it was impossible to make a list of unit prices.

Q. Will you explain to the committee why it was impossible?—A. It would be so bulky it would be a real library because you could not cover all things that are there. All trades of the building construction are covered.

Q. Would you give some indication of what these trades were?—A. There was earthwork and grading. There was cement, concrete; there was waterproofing, there was granite masonry, brick and terra cotta masonry, insulation and roofing, exterior metal work, fixed metal windows, casement metal windows, metal doors, frames and boxes, miscellaneous metal work, glass and glazing, metal furring and lathing, plastering, acoustical treatment, interior stone work, terrazzo and tile floors, floor covering, woodwork, elevators, loading docks, scales, travelling cranes, painting and finishing, steam generating units, boiler feed and control, coal and ash handling, equipment, auxiliary equipment for the boiler house, steam distribution, heating, water service and water treatment, water distribution, fire protection, compressed air, plumbing, cafeteria and kitchen equipment, refrigeration, air conditioning and ventilation, and finally electrical work.

Q. Now, what is the practice with reference to other contracts where there are numerous and varied trades like this, are there unit prices?—A. No, we do not call for unit prices. Mr. Varcoe has suggested something.

By the Chairman:

Q. What is the question?—A. There are some cases where we have unit prices. It is when it is not a lump sum contract, and where you go by the units multiplied by the quantity to know what to pay to the contractor. That is a very, very special case.

By Mr. Chevrier:

Q. Do you come now to the additional work on number 6 contract?—A. Yes.

Q. It has been given in evidence here that it amounted to \$703,000. I make it \$693,661.70. I did not have a machine—

Mr. BELL (Carleton): Neither did I, Mr. Chevrier.

Mr. CHEVRIER: Could we agree that it is \$700,000 approximately?

Mr. BELL (Carleton): More or less.

By Mr. Chevrier:

Q. It has been stated in evidence the additional work amounted to approximately \$700,000. Can you tell me, Mr. Cormier, how you divided this additional work for contract number 6?—A. Yes, it could be divided into three main items, first, the request from the technical research committee, that is, the Kiefl committee of the printing bureau asking for changes in layout of various elements of the printing bureau.

Request number 2 was from the fire commissioner. That consisted mainly of the underground fire protection, that is, on the site development, automatic fire protection; and in the basement the large storerooms that I have got there, he asked me to divide them into two sections making four storerooms instead of two.

Q. Yes, go ahead with the other divisions.—A. The third one was the Federal District Commission site development. I had eight revisions on my plan number 37.

Q. Now, would you break down the other items that make up the approximately \$700,000 in additional work?—A. Well, I have not got that reviewed, but I think you have got a copy of the correspondence with the department here, and every single item is explained.

Q. Then, may I come to the question of the fire commissioner?—A. Yes.

Q. The request by the fire commissioner amounted to, you say \$106,952?—

A. Yes.

Q. I would like to know first of all how you proceeded at the outset about fire protection for this project in Hull?—A. Well, the plans and specifications for number 6 were based on Mr. Powers' study of the fire protection. On page 26 he describes the fire protection.

Q. Well, I wish you would tell us what these instructions or specifications were in Mr. Powers' book covering fire protection?—A. Page 26.

By the Chairman:

Q. Page 26 of what?—A. Of Mr. Powers' report.

By Mr. Chevrier:

Q. That is the revised report, the second book that was referred to yesterday?—A. Yes.

Q. I would like to have read into the record the conditions or specifications concerning fire protection at the printing bureau?

Mr. VARCOE:

Paragraph 26, fire protection.

Fire extinguishers are to be placed throughout the building with wheeled extinguishers wherever needed. Foamite is now used in all extinguishers.

Fire inspection of the building and the maintenance of the extinguishers is performed by the R.C.M.P. police, and they will be consulted on this particular item.

The installation of sprinkler heads is covered in highlight number 19.

Q. Is there any directive concerning the sprinklers?—A. Paragraph 19 has to do with the sprinkler system for fire protection.

In this building of steel and concrete, there are but few areas which offer a fire hazard. There will of course be fire extinguishers throughout the building, but sprinklers can be restricted to the following areas:

1. Room for the baling of waste paper on the basement floor.
2. The oil and gasoline rooms adjacent to the receiving platform.
3. The ink room and the cylinder press room on the first floor.
4. The carpenters' shop on the basement floor.
5. The receiving room on the basement floor.
6. The shipping room on the first floor.

Then I also went by the requirements of the fire underwriter's publications, which are very numerous; and on top of what Mr. Powers asked, I established six fire stations on each floor.

Q. Did you acquaint yourself with the fire by-laws or the fire directives of the city of Hull?—A. I do not know of them; I do not know if they have got any now or not.

Q. Did you put into effect in the building the recommendations or the directions that are contained in the report of Mr. Powers which has just been read into the record?—A. I did, completely.

Q. And did that also coincide with the fire underwriters' publications to which you referred?—A. Oh yes, completely,

Q. What directions did the government give you on fire protection?—A. At the start, they did not give me any.

Q. Then, when did you first hear of the fire commissioner?—A. On November 1st, 1952, I was told about the existence of the fire commissioner. That was one month and thirteen days after the tenders were called for No. 6 contract. They were called on September 19, 1952.

Q. And what did you do?—A. I went to see the fire commissioner, but he was not there. So I saw Mr. Ford at first, and we discussed that area in the basement which could be divided into two by fire doors.

Q. Did he give you any instructions?—A. No, just general instructions like that; the major changes came later on when they got the idea of having a number of hydrants placed all over the site development.

I would like to mention another point which would throw some light on the requirements of the fire commissioner. On February 9, 1956 at an interview with the fire commissioner for the approval of the layout of the hydrants, he showed a set of rules to be circularized in the future to architects, for the preparation of their plans, on fire protection.

This was exactly three years, three months and twenty days after the tenders were called for contract No. 6.

Q. Were there any in existence at the time you went to see the fire commissioner on November 1st, 1952, or Mr. Ford, his alternate?—A. No, there was no set of rules.

Q. Mr. Pickersgill tells me it was November 1st, 1953 and not 1952.—A. It must be 1953, yes.

Mr. PICKERSGILL: Yes, that would be right.

By Mr. Chevrier:

Q. Do you know about these new rules and regulations which have now come into force?—A. No, I did not read them. The contract was nearly finished.

Q. The next breakdown which you gave us was that concerning the Federal District's site development, amounting to \$285,794. Would you explain what this additional work was for?—A. The main thing that they changed from the start was this: I had a driveway which enable visitors to reach, in their cars, or in taxis, the front steps. But they did not want any automobiles or cars near the building. So we discussed quite a lot about that. I insisted that I wanted the visitors to be able to alight from their cars without being exposed to the rain. But their opinion seemed to be that visitors were not so much required there. I do not know. They wanted to avoid them.

And now, the main changes that went along were the parking areas, at parking areas to the left-hand side of the building down right to the front, to boulevard du Sacre-Coeur. They insisted that parking be pushed in line with the building line and they insisted on increasing the area; and now it reaches to the boiler room at the back.

Another very acute discussion between us was their system of parking. They suggested a plan that was sent to me—I think I have it here—where the parking was perpendicular to the curb and I told them even with my car I could not turn in that parking area. I was always for the diagonal parking. The other parking seemed to be more economical; you could park more cars; but if you cannot bring in a car—it is no use. It is all right on a drawing, but in effect it would have been bad. So they finally accepted the diagonal parking. That increased the grass area quite a lot. That increased the asphalt treatment of the roadway, the driveways.

Q. While you are on the grass area Mr. Cormier, there has been some discussion here about the expenditure of a large sum of money, \$55,000, I think, for sodding or seeding. Could you explain that to the committee?—A. You must not forget I did not specify just to sprinkle seed on the top of the

ground. The ground had to be prepared, and that is to a depth of at least one foot. We had to put some very good ground there, so the seed would progress properly.

Q. Do you know what area had to be sodded?—A. At first there was much less than in the final adjustment. The additional was caused because of the requirements of the Federal District Commission. And we also had difficulties in the—I had diagonal sidewalks to reach the entrance of the employees. Oh no, they would not have anything like that! But I said, "the employees will take the diagonal and pass on the grass" and they said "we will try to find some way of preventing that by planting bushes and trees and things of that kind." I yielded again. And they suggested at one time to put in a grass plot with flowers right under the eaves of the marquise, so the rainwater would fall on the flowers all the time. I said, "you cannot keep flowers there". That was to be crossed over by the employees in going to reach their cars. There was a lot of discussion and meetings.

Another thing that increased that expense is that the granite curb of the driveway was delivered on the job and when they made a change it had to be scrapped and sent to the dump, and new granite curbs, straight ones were ordered to replace those. But the expense does not seem to bother them much.

Q. These three items that you have given, the request from the technical research committee of the printing bureau, which I will not deal with, as I think we have gone into it fairly well.—The request by the fire commissioner and the Federal District Commission site development did not amount to roughly \$700,000?—A. No.

Q. Could you give us what the other items were?—A. There was one important consequence that my recommendations were not followed, to ask for tenders preliminary to my making the structure for the boilers for the compressor for the compressed air machine, for the compressor for refrigeration and the water treatment equipment. No, that was not the policy of the department. They wanted a lump sum and nothing else. The result was, to make my drawings I had to select some kind of equipment, so for the boilers I selected—I tried it on the Vickers boiler. My plans were prepared from the start with the Vickers boiler. Finally, I got Babcock-Wilcox. My water treatment, I had to select one, and I selected the Graver. When the mechanical contractor selected one, it was the permutit. The dimensions are different and the structure had to be different. There are adjustments in consequence of that here. There is a big difference in boilers. The Vickers boilers are very high and smaller in plan but the Babcock-Wilcox is longer, wider and much lower. The concrete structure in design did not fit; I had to adjust that.

Q. Could I leave that and go to some discussions that took place about uncompleted works and the report which was made by Mr. Kennedy?—A. Oh yes, a very good report.

Q. What were these items of uncompleted work for so-called substitutions that brought about Mr. Kennedy's report?—A. Well, there are a lot of details.

Q. They all had to do with contract No. 6?—A. Oh yes, but only one part, the mechanical part.

Q. Is that the part that went to John Colford?—A. The John Colford contract.

Q. And that was the only sub-contract that was under discussion in the Kennedy report?—A. That is right.

Q. Now, would you tell us what were the uncompleted works or what were the complaints about this sub-contract?—A. It is very important material.

The CHAIRMAN: Who is Mr. Kennedy?

By Mr. Chevrier:

Q. The Chairman asked "who is Mr. Kennedy?"—A. Mr. Kennedy was mechanical engineer for the Department of Public Works. He has now left; he is with the Department of Agriculture.

Q. Well, could we terminate that Kennedy report as quickly as possible? You say it is a long one, but could you summarize it and tell us what were the main objections or complaints of uncompleted works in Mr. Kennedy's report of this sub-contract.—A. It is very difficult to summarize such a complete report in a few words.

Q. Do you want to deal with that?—A. I do not know that the first report should not be part of the evidence. Mr. Kennedy could perhaps be examined on that. He has made a number of reports. They were always coming in until the end. It is very difficult to summarize. However, I can see from the beginning that there is very little about air conditioning. This has mostly to do with other details of the execution.

The important thing is the substitutions which have been made from my specifications.

Q. These were substitutions made by the sub-contractor?—A. These were substitutions made by the contractor without my knowledge and without my permission.

Q. Mr. Kennedy found fault with that?—A. Yes, he spotted that.

Q. How was that straightened out?—A. That was straightened out by asking for a credit from the John Colford Company in respect of the cost of the substitutions. One of the main things was the water tanks. According to Colford he substituted one thing that he could not get because of the war. He substituted something that cost quite an amount less.

Q. Do these substitutions, as you can call them, occur from time to time in respect of projects of this kind?—A. Oh, yes, they do. In fact, in the adjustments in regard to the final payments it occurs 100 per cent of the time; almost all the time in the department.

Q. Did you have a meeting with members of the Department of Public Works concerning these complaints contained in the Kennedy report?—A. Yes. That is the reason for my meeting with Brig. General Young in the board room of the Department of Public Works.

Q. What was the result of that meeting?—A. The result of that meeting was that Colford was obliged to give credits in respect of the substitutions and to have the defects, which Mr. Kennedy found, corrected.

Q. Are you satisfied that the mechanical workings contained in the Kennedy complaints are now in accordance with the plans and specifications and the contract?—A. Yes, I have been informed that they are satisfactory, but I cannot vouch for that. I have told you about the accident I had during these dealings. I broke my wrist and was hospitalized and could not do my office work for six months, so that I did not follow it up entirely. However, I know that the Department of Public Works decided to pay Mr. Colford completely.

Q. Let me put it this way: were all the so-called incomplete items finally completed?—A. I think so.

Q. Were they completed to your satisfaction?—A. Yes, because the department would have paid Colford otherwise.

Q. Mr. Crestohl brings to my attention here a document which is already in the possession of the committee.

The CHAIRMAN: It is in the possession of the steering committee, but not in the possession of the committee.

Mr. CHEVRIER: I am sorry.

By Mr. Chevrier:

Q. This document is in the possession of the steering committee and is dated Montreal, October 2, 1956 to Concrete Construction Limited re the national printing bureau. It is a credit note from the John Colford Company in the amount of \$6,368.51.—A. That is not final. According to my recollection he gave credits for at least \$10,000.

Q. Colford gave Concrete Construction credits for at least \$10,000?—
A. Yes.

Mr. STEWART: It was \$11,000.

Mr. PICKERSGILL: That is my recollection.

Mr. CHEVRIER: That is my recollection.

The WITNESS: That might be a Concrete Construction figure, because they added a percentage to their subcontracts.

Mr. CHEVRIER: Thank you.

I wonder if at this stage I could have produced the Department of Public Works order, by General Young, cancelling, or cutting off the \$60,000 portion of the fee which was due Mr. Cormier?

Mr. YOUNG: There was never an order, Mr. Chairman, it was just not paid.

Mr. CHEVRIER: Is there not a memorandum in the Department of Public Works stopping the payment of the \$60,000?

Mr. YOUNG: There was a verbal instruction from myself to the chief architect to withhold payment until this was settled.

Mr. CHEVRIER: There is no written note?

Mr. YOUNG: Not to my knowledge, no. It was a verbal instruction.

By Mr. Chevrier:

Q. It has been stated in evidence here that there was a great deal of waste space in the printing bureau in Hull. I would like you to explain to me whether this waste space or this additional space was contained in the recommendations of Mr. Powers.—A. I would not say that he figured on these. For instance, there was a very funny picture in one paper that showed a man standing with his hands like that in the corridor on the ground floor, I think.

The CHAIRMAN: Yes, I remember that.

The WITNESS: However, you ought to see that same corridor during a change of shift when 1,600 people are walking in the corridor, half of them in one direction and the other half in the other direction. You never have as many people on the sidewalks of Bank Street.

Another thing I would like to mention in this regard is, when two service trucks meet from opposite direction in the corridor you will see that there is hardly enough space.

At one time I had an argument with Mr. Powers about access to the freight elevators. He said in that report which we read the other day that there was space lost. I proved that instead of looking at one elevator, but by taking the two elevators together, that my solution did not ask for more space than his. Now, for the circulation around the presses, it should be that way for proper serving of the presses. I maintain that there is no waste space in the building.

By Mr. Chevrier:

Q. Did you provide for any expansion of the printing bureau in your plans?—A. A portion of it, but not very much. It is in the lay-out of equipment mainly that we could save by putting the elements of the equipment closer one to the other.

Q. Something has been said about a shower in the Queen's Printer's office. Were there other showers in the building?—A. Oh, yes. The employees had showers.

Q. How many?—A. That would have to be checked on the plans but there was a whole bank of showers in the locker room on the ground floor for employees. If you give showers to the workmen, I do not see why the Queen's Printer should not have that small shower in his office; that is a very small amount involved.

Q. I would now like to settle another matter about the calling of tenders. You have said here that you submitted your estimate about 48 hours prior to the opening of tenders?—A. Yes.

Q. Whereas it has been stated that there is a change of policy in the Department of Public Works. What is the practice in the trades with building contractors?—A. In the trades and building contractors, the practice is exactly as I did, to supply the estimate just 48 hours before the tenders are opened. It is about the limit which can be reached.

Q. I was going to ask you if that is good practice, and why, if it is?—A. It is good practice and it is impossible to do otherwise. To make a good estimate the plans must be finished and especially the specifications written and finished; that is the basis of the calculations. The general contractor makes the quantities and his prices on the work that he is going to do himself; that is the main bulk of his estimating. Then he calls for tenders from all sub-contractors. These sub-contractors make their own quantities for the work which they are going to perform; then it is up to the general contractor to gather all these and put the result in his estimate, plus a percentage for his risk. So that I showed in this case of contract No. 6 that the general contractor did the work himself for \$2,783,000, where as the sub-contracts amounted to \$5 million, so that he did two-fifths of the estimating; the other three-fifths were done by the sub-contractors.

Well, in the case of the architect, such as me, I cannot have that same advantage. I have got to make quantities and prices for every item of the tender. It is very elaborate work to do, but I succeeded in doing it forty-eight hours less than the contractor. That is quite a feat.

Q. May I ask this question: have you figured the cost of the building per cubic foot?—A. Oh, yes. I figured the cost of the building per cubic foot to less than to 57 cents per cubic foot. I previously gave a figure of 67 cents, but that included the site development. That is not fair to the building; I should include only the building proper, which is 57 cents per cubic foot. I do not fear any comparison to any building, even a much cheaper type than this.

Q. Can you tell me what the average cost per cubic foot of that building would have been for the period between 1949 when it started and, say, this year 1958?—A. Well—

Mr. BELL (Carleton): What was that again?

By Mr. Chevrier:

Q. Can you tell me what the average cost per cubic foot would have been over the period 1949 to 1958? Take, for instance, 1952 or 1953; 1949 to 1958 taking one year, say 1952?—A. I could figure it by the cost index here. I should say it is about 50 per cent more than the 1949 cost.

Q. Fifty per cent more?—A. Yes. I think the index would be 1.5, but I could make that precise if I had better eyesight and more time.

Mr. CHEVRIER: I do not have much left.

Mr. WALKER: Do you have anything left? We have purposely left you a free hand in the hope that you would get through this morning so that we could call the witnesses and get as much as possible before the end of the session, which I think will be on Thursday.

Mr. PICKERSGILL: Saturday.

Mr. CHEVRIER: I do not know if I could answer that question, I think I could finish very quickly.

The CHAIRMAN: I will have to consult the steering committee as to the next meeting.

Appendix F

DEPARTMENT OF PUBLIC WORKS

OTTAWA, September 12, 1952.

Memo to: The Deputy Minister.

Re: Hull, P.Q.—Printing Bureau Building—Tender Call for Completion of the Building.

The Architect on the above work, Mr. Ernest Cormier of Montreal, has submitted plans and specifications for the above named work. These plans have been studied and a listing of items which require discussion and possible change has been sent on September 9th to Mr. Cormier. He is expected to be in Ottawa for discussion of the items on Tuesday, the 16th of this month.

There are certain items in the listing which has been sent to Mr. Cormier which will need departmental approval if they are to remain in the plans and specifications. These are, in part:

1. The use of granite stone finish on the office section at the front of the Printing Bureau, and on the Heating Plant Building which is at the rear of the Bureau Building. The decision in this regard is as to whether the expense of a granite on the Heating Plant section is justified.
2. The Architect has specified the use of Indiana stone, polished as a wall finish and for interior main stairs in the very large public hall in the office section of the building. This stone is only procurable from American quarries. The decision in this regard is whether the American product should be allowed, and whether this type of finish is justified in the Printing Bureau Building.
3. The specifications call for a glazed tile finish in the corridor leading to the Senior Executive Business Offices. This material is only procurable in the U.S.A. It is considered more expensive than is necessary in such a corridor.
4. The specifications call for the use of "foamglass" insulation in the walls and on the roofs of the building. This product which is a comparatively new one is only manufactured in the United States of America. Many other forms of insulation are available, such as wood fibre products, spun glass, etc., all of which are made in Canada. The decision required is whether this outright specification of "foamglass" should be allowed to stand. The Architect has stated that he will not use wood fibre insulation in the building.
5. The offices of the Queen's Printer and his senior officials, their secretaries, and the Conference Room, are all panelled in quarter cut white oak. Such finishing of general offices is considered a very expensive one and is not justified.
6. There are numerous other items of the same type where more expensive finishes are specified than appear justified. The opinion of this office is that they should be made to conform to our general practices as carried out in other Government office buildings.

The Supervising Mechanical Engineer and the Supervising Electrical Engineer have both studied the plans, and in each case have reported that they are not satisfied with the state of completion of the drawings. They have drawn attention to the following:

- (a) The air-conditioning installation is of a similar type to that which was installed in the Supreme Court Building. Trouble has been experienced with this installation since it was put in operation. The Senior Mechanical Engineer has recommended that some other type of installation be made in the Printing Bureau.

- (b) The Senior Electrical Engineer has stated that the electrical drawings are not finished to a point which would allow the contractors to figure the work accurately. Further, that the very large and expensive elevator installation should be reduced insofar as the number of cars and hoistways are concerned. He recommends that the shaftways only be built and that the demands of the Bureau, once it is in operation, indicate the total number of cars which should be installed. His recommendation is that approximately one-half of the main freight elevators be left out of the building for the time being, and that certain of the smaller cars be deducted.

It is pointed out that although the Architect has had this work in hand for a very considerable time, it is only now that a more or less complete set of plans and specifications has been presented to this office.

While it is appreciated that the Department should advertise for public tenders in the immediate future so that the successful tenderer will have time to place his sub-contracts for materials which will be needed for the masonry trades and others, so as not to delay in carrying out the work when the present contractor is through his contract. However, in view of the reports of the Mechanical Engineer and the Electrical Engineer it is considered that further plans and specifications will be required before tenders could be called.

To overcome this delay it is proposed to call for public tenders on those portions of the work on which there is no divergence of opinion between the Architect and this office, requiring the successful contractor to include in his tender the fee for the supervision and correlation of the plumbing, heating, ventilation and electrical trades. These trades will be called for tender as soon as the Architect has satisfied this office as to his design and detail of drawings and specifications.

May I have your instructions in this matter, please.

E. A. Gardner,
Chief Architect.

Appendix G

DEPARTMENT OF PUBLIC WORKS CANADA

OTTAWA, September 17, 1952.

Memo to: The Deputy Minister.**Re: Hull P.Q.—National Printing Bureau Building—
Plans and Specifications.**

Mr. Cormier, the Architect for the above building, was in my office during the morning and afternoon of Tuesday, the 16th of this month. The listings which had been forwarded to Mr. Cormier, in which an itemization of various questions raised by the review of the plans and specifications, were discussed. Decisions were arrived at satisfactory to this office and to Mr. Cormier on many of the items which only required small corrections on the plans, or small changes in the specifications.

The four main items which it had been expected would materially delay the completion of the plans and specifications, and the call for tenders, were discussed, and have been settled as follows:

- (1) *Exterior finish in granite on the office section and heating plant section*—Mr. Cormier has agreed to specify an alternate. This will consist of specifying that the contractor be required to quote an alternate price, first for the granite finish as shown on the plans and included in the specifications, and second for a price using limestone in lieu of granite. Mr. Cormier was prepared to change the exterior finish to a brick finish provided he could specify a brick which he would be prepared to accept; such a brick would be of American manufacture. After discussions it was decided that the alternate for stone finish would be preferable.
- (2) The interior finish in the building is, in the main, a terra cotta tile. Depending upon the rooms in which this finish occurs, the Architect has specified glazed finishes of varying quality. As the specifications have been written for American glazed tile, it was pointed out to Mr. Cormier that an alternate must be given in the specifications. He has stated that he is prepared to take as an alternate tile of similar quality and manufacture which can be procured from England. This alternate in the specifications is satisfactory.
In the main entrance hallway the Architect had specified Indiana limestone, polished to give a high glaze finish. Mr. Cormier is prepared to specify an alternate to the Indiana stone finish by calling for Portland stone as can be obtained from England. In a hallway as large as that shown on the plans, and already provided for in the structural frame which has been built, it is considered that a simple plaster finish would be unsuitable. The alternate proposed by Mr. Cormier is therefore considered a proper one.
- (3) The question of the air-conditioning system as specified by Mr. Cormier was discussed in detail with Mr. Hamel, the Senior Supervising Mechanical Engineer. Mr. Hamel is now satisfied that the specification as written gives the necessary alternates to contractors who may be figuring this work. At least three different companies manufacture equipment which will be approved by Mr. Cormier, all of those companies manufacture their equipment in Canada. Mr. Hamel has stated that he is now satisfied that the air conditioning system as specified will be one which would meet with his approval.

STANDING COMMITTEE

- (4) Discussions were held between Mr. Cormier and the Senior Electrical Engineer, Mr. Sterling. The main argument consisted of whether or not it was necessary to provide stand-by transformer equipment and switching gear in the Power House Plant Building. Mr. Cormier has provided this stand-by equipment so that in the event of any failure it would be possible to switch from one bank of transformers to the other thus keeping the printing equipment in operation. He has pointed out that this is important during sessions of Parliament when it is required to produce *Hansard* at very short notice. While Mr. Sterling was not satisfied entirely it was agreed that instead of delaying the call for tenders plans would be used as presently prepared and, if at a later date, it was found that a change could be made that it would then be taken up with the contractors and investigated.

Mr. Cormier has returned to Montreal and has stated to the undersigned that he will have the changes made in his plans and specifications before the end of this week. He will forward the necessary plans and specifications to this office so that public advertisement may be made. In the meantime, the necessary papers for advertising have been prepared and will be passed to you for your signature.

E. A. Gardner,
Chief Architect.

House of Commons, 1958

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

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STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 20

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

THURSDAY, SEPTEMBER 4, 1958

WITNESSES:

Mr. Ernest Cormier, Architect, Montreal, P.Q.
Mr. John M. Kennedy, Mechanical Engineer.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserden
Bissonnette	Hales	Nugent
Bourget	Hanbidge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Calgary South</i>)
Carter	Lambert	Smith (<i>Simcoe North</i>)
Cathers	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Chambers	Martel	Spencer
Chevrier	McGee	Stewart
Crestohl	McGregor	Valade
Dorion	McMillan	Villeneuve
Drouin	Morissette	Walker
Doucett	Morris	Winch
Drysdale	Morton	Wratten

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

THURSDAY, September 4, 1958.
(23)

The Standing Committee on Public Accounts met at 9:30 a.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Benidickson, Bissonnette, Bourget, Bourque, Carter, Cathers, Chevrier, Crestohl, Doucett, Drysdale, Hales, Keays, Lahaye, Lambert, Macnaughton, Martel, McGee, McGregor, Morissette, Morton, Nasserden, Pickersgill, Pratt, Smith (*Calgary South*), Smith (*Simcoe North*), Spencer, Stewart, Villeneuve, Walker, Winch, and Wratten—33.

In attendance: Mr. Ernest Cormier, from Montreal; Mr. F. P. Varcoe, his Counsel from Ottawa; *From the Department of Public Works:* Major General H. A. Young, Deputy Minister; Mr. J. O. Kemp, Contracts Division, Building Construction Branch; Mr. C. W. Watson, Mechanical Engineering Branch; Mr. J. M. Kennedy, Building and Research Installation Unit, Department of Agriculture.

The Committee resumed its examination of the construction of the National Printing Bureau in Hull.

Mr. Cormier was called and examined by Mr. Chevrier on

- (a) alleged omissions to electrical installation
- (b) certain criticism relating to estimates and drawings
- (c) excavation of site.

By consent, Mr. Varcoe was allowed to question the witness on the regulations affecting architects' fees in the Province of Quebec and on the witness' interviews with a Dominion fire commissioner.

Following a discussion on procedure relating to the suggested interruption of Mr. Cormier's testimony and the calling of other witnesses on mechanical installations, Mr. John Kennedy, former Mechanical Engineer with the Public Works Department during the latter stage of construction of the Printing Bureau, was called.

As agreed, Mr. Walker then questioned the witness on the air-conditioning system particularly relating to

- (1) boilers' capacity and output
- (2) reports of Mr. Kennedy
- (3) present capacity and functioning of existing air-conditioning unit and temperatures
- (4) proposed changes
- (5) breakdown of preliminary estimate for said changes, etc.

General Young was called to answer a question relating to the estimate of \$800,000 for changes.

In the course of the proceedings, the following documents, which were quoted from, were ordered produced and were marked as follows:

Exhibit P-26—Report of Mr. John M. Kennedy dealing with mechanical defects of the air-conditioning system, dated October 21, 1955.

Exhibit P-27—Report of Mr. John M. Kennedy dealing with mechanical defects of the air-conditioning system, dated November 18, 1955.

Exhibit P-28—Detailed preliminary estimate of Mr. John M. Kennedy of proposed changes to existing air-conditioning unit.

Exhibit P-29—Breakdown of the figure of \$800,000 having regard to a preliminary figure of \$400,000 included in the Main Estimates for 1958-59.

At 11:00 o'clock a.m. the Committee adjourned until Friday, September 5th, at 9:30 o'clock.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

THURSDAY, September 4, 1958.
9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum.

Before we proceed, I would like to call a meeting of the steering committee some time today depending on the convenience of the members. Would you leave that with me and I will call it as soon as possible. It will probably be this afternoon.

Mr. PICKERSGILL: I am afraid until I see what is going to happen—if the finance estimates come on right away I would be very happy at any time after the orders of the day. But if the supplementaries are called, there are some in which I have a considerable interest.

Mr. WALKER: Is that next? The post office is through?

Mr. PICKERSGILL: Yes, but Mr. Green did not tell us last night whether they were going to take further "supps" or finance first. If it is finance first I would be quite happy to have the steering committee as soon as possible.

Mr. BELL (Carleton): Why do we not say 1.30, Mr. Chairman, if we are unable to come in the meantime?

Mr. PICKERSGILL: That would be quite satisfactory to me, even if we wanted to eat sandwiches at one o'clock.

Mr. WALKER: We will have the chairman buy them, we will come up to his room.

The CHAIRMAN: I do not mind the sandwiches if you will provide the soda. We have this morning Mr. Cormier and Mr. Chevrier was trying to finish.

Ernest Cormier, (Architect and Engineer), called:

By Mr. Chevrier:

Q. I would like to deal briefly this morning, Mr. Chairman, with some of the evidence that was given during the course of these sittings, and particularly that part of the evidence dealing with criticisms formulated by previous witnesses.

Mr. Cormier, I would like to direct your attention first to the evidence on page 77 where it is stated—and I quote:

A. Yes, there were extras and changes which in many cases were due to incomplete plans and specifications at the time of the tender call, Mr. Chairman.

And I would ask you if you have any comment to make on that statement?—A. Yes. Really, the plans and specifications were complete. The so-called omissions were done on purpose because at the time I did not know exactly where the equipment would come, in spite of what had been shown on my plans. By doing this I saved quite an amount of money to the government. For instance, the electrical conduits were not placed as is ordinarily done in the concrete, in the slabs. Instead, they left all the distribution exposed—

Q. May I interrupt you there? What you are testifying on now are the so-called omissions in the electrical equipment?—A. That is right. If the

ordinary system had been employed 60 per cent of the conduits would have been useless and wasted at a later date on account of the request of the Technical Research Committee which redistributed the area.

The second criticism that was made was the lack of raceways for telephone and computing machines. Fortunately, these were omitted in the plan due to possible changes in size, in areas, and even location in such areas where raceways were required. Had these raceways been included in the plan, according to my layout, 65 per cent of them would have been wasted due to the changes requested by the above committee.

Now, no outlets provided for char service: these outlets were to be taken from the power panel. The power panels, in the specification, were to be left empty until the equipment was placed. This proved to be a very fortunate decision as the customary outlets provided in buildings for such a service, the char service, would have been inadequate for the machines selected by Mr. Bigaouette at a very late date. Consequently, it took exactly one year, from July 1954 to July 1955 to obtain the necessary information from which Bedard and Girard prepared a set of eight plans and seven pages of listing of material and labour all bearing my stamp of approval. On December 20, 1956, Bedard and Girard submitted a proposal amounting to \$35,462.56 for this service.

Q. Then were tenders called on this char service?—A. Oh no, for the connecting of the equipment to the power panels, this was all done by Bedard and Girard who had been the electrical contractors on the job.

Our proposal of \$35,000 was not approved by the Department of Public Works. Instead, the department decided to make their own design which consisted of a very concise specification without any plans. The work was awarded to a local firm at a much lower price, as was to be expected. The work was not satisfactory. I personally examined the damage done to the building.

The Department of Public Works could testify whether or not the same contractor was given a supplementary contract on a time and material basis. I was not able to obtain the total expenditure that I would have liked to compare it with my proposal. I was not able to get any information on that.

Q. Then, may I direct your attention to the so-called criticisms or the criticisms concerning ventilation?—A. Yes.

Q. Would you say something on that?—A. The criticisms were gathered from a few discontented employees, instead of considering the opinion of the responsible officers, the Queen's printer and Mr. Rothwell, the production manager, who have expressed their pride and satisfaction in the installation.

First, I will speak about the first aid unit. This was located where Mr. Powers wanted it to be placed, next to the press room and composing room, for the treatment of cuts, bruises and burns. The temperature of 80 degrees and 55 per cent relative humidity happens to be what is required in hospitals for surgery. An exhaust fan of 660 cubic feet per minute was installed giving 3.3 air changes per hour. This first aid unit has been changed, that is, this first aid unit has been changed into a nursing unit, attended by a nursing counsellor, who would have been better located with the personnel officer. Of course, if you change the use of that unit which was to be for surgery into a kind of confessional, you do not require the same temperature.

The proof-readers were assimilated by Mr. Powers to office workers, and consequently on Mr. Powers' idea, and mine they were placed in the front of the building in contact with the composing room and next to the office workers and they would have been subjected to the same air-conditioning as the officers. But instead of that, the Research Committee saw fit to place that unit for proof-readers in the middle of the composing room, in an enclosed space. Of course, that enclosed space has not the proper ventilation, but it would be a very simple thing if I had been allowed to change that, as I could have provided that very easily without much expense.

The next point there is the monocaster room and lead melting room on the ground floor. No air-conditioning was provided. These are, in reality, small lead foundries, and I know of no foundries that are air-conditioned, and only a number which have forced ventilation. A system of forced ventilation has been provided which exhausts the lead fumes directly from the melting pots without going through the atmosphere. This could not be included in the plans as the exact location of the units, and their sizes, were not determined until the printing equipment went in. I could speak of other things, but those are the main points.

Q. There is another criticism directed also at page 98 of the evidence which is as follows:

Q. Is it not true that the sole reason why this thing has been bedeviled is that the plans and specifications were never complete for the next stage of the work?

And the answer was:

A. That is so.

Now, were your plans and specifications incomplete, and were they not ready at each stage of the work?—A. I have already put it in former evidence that my plans were always ready and the tenders called before the previous contract was finished.

Q. Have you any explanation for these criticisms?—A. Well, it is because the author of the criticism was not aware of all these facts. If I had had an opportunity to talk to him before that, that criticism would not have occurred at all.

Q. Well now, may I direct your attention to still further evidence at page 74 where it is said:

—there were always additions added, to make the price a little sweeter or higher. Isn't that correct?

And the answer to that was:

That is right; there were additions in each case.

A. Yes.

Q. Have you any comment to make on that?—A. Well, really what have been called additions sometimes are just advance expenditures, and in each case the contractor objected to that, and it is only because he was forced by me to make that addition that he yielded.

I spoke of the case of the raising of the basement floor with an extra expenditure to the contractor of \$28,000 in extra equipment. That has happened all along.

Q. Is it possible to make a fair criticism of your plans and specifications and of your work without having complete knowledge of the two volumes which you exhibited here of Powers' recommendations?—A. No, it is impossible to do that unless you have full cognizance of the Powers' program and the two books.

Q. Then, may I leave that now and come to the last question which I would like to direct your attention to, and that is, just one or two questions that refer to the site and the excavation, in case there are misunderstandings about it?—A. Oh yes, there has been a very big misunderstanding.

Q. Well, let me ask the question, please. The first contract was to go down to elevation 143-146?—A. Yes.

Q. Where mud was encountered and water?—A. Yes.

Q. From that elevation down to rock, what was done?—A. We excavated the whole area down to rock.

Q. You excavated the whole of the area?—A. Down to rock.

Q. And cleaned out all this mud and all of this water down to rock, with the result that the site after that had been done was dry?—A. Dry, and could be drained towards the sump pit that I had in the lower corner of the building.

Q. And what was the purpose of the trench towards the sump pit?—A. Well, that was to get rid of whatever water would come. I do not know for what reason occasional water is found. I cannot tell if it comes from the creek or from the old sewers that have been broken. Perhaps they were not blocked when they demolished the series of buildings on the site—or whether it was a leak from sewers on St. Henri and Cartier streets. That could not be ascertained; but anyway that was the only method to get rid of any water that would come, even seepage through the rock. In my house for thirty years I have had seepage from the slope of Mount Royal. I have seepage all along and there are no headlines in the paper about it.

Q. And you drew a trench from this to the— —A. Oh no. There are small cuts on the surface of the rock to collect all that occasional water to the sump. The trout stream there, is an open trench that has been made for the emptying of the water treatment equipment. I could have very well piped that and nobody would have said anything, but the government would have paid.

Q. You have indicated that the water has to be pumped about every two weeks?—A. Yes, that is the limit; but it could be pumped every day if they want to.

Q. Do you know of any other public buildings in Ottawa or in the capital district where conditions similar to that exist?—A. Yes, there are a number of them. I know the National Research on Sussex street; the Connaught Building and a great many buildings in Ottawa have sump pits to collect the water.

Mr. PICKERSGILL: Including the house the Minister of Finance was living in all last winter.

Mr. BELL (Carleton): Who is giving the evidence now?

The WITNESS: Of course, the levels of foundations in Ottawa are far above the Ottawa river, but the water comes, from what I have been told is a water distribution system which is in a bad state. Some parts of the water system are very old. I do not know but that wooden pipes are not there any more; I cannot tell.

By Mr. Pickersgill:

Q. I have one question I would like to put to Mr. Cormier: Is it not true that there are many buildings all over this country where there have to be sump pumps because of seepage?—A. Yes. In all the buildings that I built, they have sump pumps, and I would not do without them.

Mr. PICKERSGILL: I know there is one in my house, and there was one in the house the Minister of Finance lived in right across from me.

Mr. WINCH: There is also one in the House of Commons with a one-third horsepower pump, in the Canadian House of Commons.

Mr. F. P. VARCOE, Q.C. (*Counsel for Mr. Cormier*): Mr. Chairman, may I ask one or two questions?

The CHAIRMAN: Does the committee agree? Does the committee agree to having Mr. Varcoe ask one or two questions?

Mr. WALKER: If it is one or two questions, yes, but otherwise it is quite obvious that Mr. Cormier has had a very able counsel in the person of Mr. Chevrier, and has had the benefit of Mr. Varcoe's advice through the day and through the night when they have conferred together with Mr. Murphy; but I have no objection to one or two questions, if it is confined to that.

The CHAIRMAN: Proceed.

By Mr. Varcoe:

Q. Mr. Cormier, would you just indicate to the committee what the regulations of the province of Quebec are in reference to architects' fees?—A. Yes. The regulations are very, very similar to what is in my engagement with the government. The minimum fee schedule, which is a law in the province of Quebec, is 5 per cent of the cost of the building; and if consulting engineers have to be called, it is a total of 7 per cent; but in the present case everything was on my shoulders so the government had to pay only 5 per cent; I am not allowed, practising in the province of Quebec, to charge any less than 5 per cent.

Q. What would happen to you if you did charge less?—A. I would be suspended.

Q. Now, Mr. Cormier, one other question about the fire commissioner. Can you tell the committee when you were requested to visit the fire commissioner? —A. Oh, that was about—I recall there—I have cited that previously. It was about—I think it is—it is in the evidence already—about eighteen months after the last contract was given.

Q. Eighteen months after the last contract was let?—A. Just a few seconds; I can find the answer. Anyway, it is in the evidence all right.

Q. That is all right. What department did that officer belong to? Do you know?—A. I think he was connected with the question of insurance; I do not know.

Q. He was an officer of the Department of Insurance, you think?—A. I think so.

Q. When you visited him or his associates, did he or they tell you that he had no legal authority whatsoever to impose any regulations on you?—A. No, they did not, and moreover they did not have any set of rules. That was the first meeting with Mr. Ford and that is the time we decided to cut my storerooms in the basement into two; it made four storerooms instead of two.

Q. You were not informed by Mr. Thompson that his function was advisory only?—A. No, I was not, never; but I knew later on. I had a visit for the approval of the hydrant system. There, Mr. Thompson had a kind of pamphlet. He showed that to me and said, "from now on I will be able to circulate that to all architects who are doing work for the government", but that was two years after I met him first.

By Mr. Walker:

Q. Would you now, Mr. Varcoe, be good enough to look at page 419 and go over your figures again. It is at about line 4.

"The volume of the building being . . ."—

Excuse me, it is line 8. Have you got it?

Mr. VARCOE: Yes.

Mr. WALKER: The third paragraph there.

Mr. VARCOE: Which part is that in?

Mr. WALKER: Page 419 of the evidence.

Mr. CHEVRIER: This seems to be a letter from—

Mr. WALKER: Yes.

Mr. CHEVRIER: From whom?

Mr. WALKER: Mr. Mills.

Mr. CHEVRIER: It is a letter from Mr. Mills?

The WITNESS: Well from me to Mr. Mills.

By Mr. Walker:

Q. The volume of the building being 18,145,155 cubic feet at a cost of \$12,174,114.06, represents 67 cents per cubic foot, covering the exterior work executed on the site. This can stand comparison with any other projects.

To correct this unit price, I also made an estimate of the cost for the building per cubic foot. If I delete the site price, that comes to 57 cents?

A. Yes.

Mr. WALKER: Mr. Varcoe, would you be good enough to add those figures up again of \$12,174,114.06 and you will find that the other \$1,800,000 does not appear in that, so it has already been deleted. Will you do that?

Mr. VARCOE: Yes, gladly.

Mr. WALKER: And then we can bring it out a little later so we can save time. In other words—

The WITNESS: I can give an answer right away.

By Mr. Walker:

Q. All right.—A. When I was in Montreal over the week-end during the interview we had there I was told by the contractor "you are all wrong in your volume; you should be around 20,850,000"; and I had my engineer refigure all that and including what protrudes from the building, the marquise. I had to include the foundations, very special foundations, and then it comes to about 20 million.

Mr. WALKER: Would you be good enough to find out if you are not deleting \$1,800,000 from the \$12 million, because if you are, you are deleting \$1,800,000 which was never there. Do you follow me, Mr. Varcoe?

Mr. VARCOE: Yes.

Mr. BELL (Carleton): You are taking credit for it twice.

Mr. WALKER: In other words, it has been deleted twice?

Mr. PICKERSGILL: Would Mr. Walker have any objection to my making a purely factual point on this? This point was brought out twice by Mr. Cormier and I cannot at the moment find either place. But in the other place it will be found that it was an expenditure on the site and not the cost of the site itself that was referred to.

By the Chairman:

Q. Did you finish your answer?—A. Yes. I wanted to show that the cost of whatever expenditure we made was less the site development in the amount of \$285,000, which was deducted, of course, to show the final expenditure. I want the volume rectified to read 20,850,000 and some odd cubic feet.

By Mr. Walker:

Q. Then you are not deducting \$1,800,000; you are deducting \$285,000?—A. That is right.

Mr. PICKERSGILL: For the site development.

By Mr. Walker:

Q. All right. Deduct \$285,794, from \$12,173,014 and divide that by 18,000,000.—A. No, no, divide by 20 million.

Q. I am only using the cubic feet that you gave in evidence.—A. Yes, but I told you that at the week-end I was informed by the contractor that I was wrong, and I had my engineer rectify it.

Mr. WALKER: I am speaking to Mr. Varcoe.

The WITNESS: Oh.

Mr. WALKER: Divide that by the cubic feet, given us by Mr. Cormier as 18,145,155, and even after deducting the cost to improve the site outside, you still have the unit price of 65 cents per cubic foot based on Mr. Cormier's own cube.

Mr. VARCOE: Sixty-five cents?

The WITNESS: Mr. Cormier's own cube was rectified at the last week-end.

Mr. BELL (Carleton): That is another mistake corrected.

Mr. WALKER: Mr. Chairman, because it would take days and days to ask Mr. Cormier all the questions I would like to ask him, I am going to ask, as Mr. Chevrier has done—and he also had some questions to ask—if perhaps the witness could stand aside, so that we could put in the box the mechanical engineer for the Department of Public Works, so that my friend and I could go into the question with him.

Mr. PICKERSGILL: I would like to mention one point before this happens, Mr. Chairman.

Mr. Bell on Monday, when Mr. Walker was not here, took very strong objection to the witness standing aside until the examination was completed.

Mr. WALKER: Mr. Chevrier has certainly—

Mr. PICKERSGILL: Could I be allowed to complete my statement?

Mr. WALKER: Yes, by all means.

Mr. PICKERSGILL: My statement is, Mr. Chairman, Mr. Chevrier suggested that Mr. Cormier stand aside so that we could complete the consideration of the air conditioning. At that point Mr. Bell took strong exception and the committee was divided on the subject, formally. It was decided that the examination of Mr. Cormier would be completed before we went on to an examination of these other witnesses. Do I understand that Mr. Walker now wants to have that decision of the committee reversed?

Mr. WALKER: I wanted to have Mr. Chevrier's permission to complete his examination of Mr. Cormier so that it would not be interrupted, you see, by calling in the man on air conditioning, and have Mr. Cormier come back for cross-examination by Mr. Chevrier. Was that not the purpose?

Mr. BELL (Carleton): That was all.

Mr. PICKERSGILL: That is not what was said. I am not objecting to this, I just want to clarify it.

The CHAIRMAN: Have you any objection to proceeding as suggested by Mr. Walker?

Mr. PICKERSGILL: No, not even slightly. Mr. Chevrier has, however.

Mr. CHEVRIER: Is it your intention then to recall Mr. Cormier after that?

The CHAIRMAN: Or recall him in the future.

Mr. WALKER: Depending on when the House of Commons is going to prorogue. We have a lot of witnesses, you see, that we have to call and which I am most anxious to call. I believe you are also anxious to call them, at least I hope you are. That is going to take time, Mr. Chevrier. I do not know when we will be able to reach Mr. Cormier again. We do want this point cleared up, and it is because of the suggestion that it should be cleared up that I called Mr. Kennedy here this morning.

Mr. PICKERSGILL: It is understood, of course, that the examination of Mr. Kennedy will not be confined to Mr. Walker, but to everyone?

Mr. WALKER: Absolutely. I would suggest to my friend Mr. Pickersgill that he will have the opportunity of cross-examining Mr. Kennedy for as long as he likes, and that the best way of getting to the cross-examination is to let me examine in chief just the way my friend Mr. Chevrier was doing.

Mr. PICKERSGILL: I have no objection whatsoever.

Mr. WALKER: I could examine him in the way my friend Mr. Chevrier did, because we probably saved a great deal of time by doing it without interruption. Do you follow me?

What Mr. Kennedy is going to say I do not know but I will try and ask him some questions that are relevant.

The CHAIRMAN: You are calling Mr. Kennedy, Mr. Watson and Mr. Moffatt?

Mr. WALKER: That is right.

The CHAIRMAN: Thank you, Mr. Cormier.

Mr. WALKER: I am not sure that we have to call Mr. Watson if Mr. Kennedy can cover this. Mr. Watson is the second engineer there.

Mr. PICKERSGILL: I understand that Mr. Kennedy is no longer there and has nothing to do with the second point on which we wanted to examine.

Mr. WALKER: We have Mr. Watson here and I will be glad to call him.

Mr. J. Kennedy (Head, Buildings and Research Installation Unit), called.

By the Chairman:

Q. Mr. Kennedy, what is your full name?—A. John Kennedy.

Q. Speak up, please.—A. John Kennedy.

Q. Are you with a department of government?—A. I am with the Department of Agriculture.

An hon. MEMBER: We cannot hear.

The CHAIRMAN: Speak up, please.

By the Chairman:

Q. You are with the Department of Agriculture, in what capacity?—A. I am head of buildings and research installation unit.

Q. How long have you been there?—A. Since November, 1957.

Q. Where were you before that?—A. I was with the Department of Public Works.

Q. In what capacity?—A. A mechanical engineer.

Q. I beg your pardon?—A. A mechanical engineer.

Q. Of the Department of Public Works?—A. Yes.

Q. Were you head of that department?—A. No.

The CHAIRMAN: All right.

By Mr. Walker:

Q. Mr. Kennedy, I take it that you, of course, did not get into this matter until after Mr. Cormier was finished with it, is that correct?—A. I arrived on the site in the autumn of 1955.

Q. Yes, and up until that time was it within the rights of the government engineers to butt in on what Mr. Cormier was doing?—A. No.

Q. All right. I just wanted it explained that he was not there.

In connection with boilers—how many boilers are there?—A. There are four boilers.

Q. There are four boilers. What capacity has each boiler?—A. 25,000 pounds of steam per hour.

Q. Yes. What is the requirement in regard to heating the building?—A. At the peak winter period 13,000 pounds of steam per hour are required.

Q. At the peak of the winter?—A. Yes.

Q. Sometimes it is less than that and down perhaps to 10,000?—A. That is right.

Q. But at the peak you require 13,000 pounds of steam per hour, is that correct?—A. Yes.

Q. Yes. The boilers would then have to produce at least 13,000 pounds of steam per hour, is that correct?—A. Yes.

Q. These boilers can produce how many pounds of steam per hour?—A. 100,000 pounds.

Q. I beg your pardon?—A. 100,000 pounds.

Q. 100,000 pounds?—A. Yes.

Q. Then you have installed in this printing bureau boilers sufficient for 8 times the amount of heat that is necessary?—A. Yes.

Q. Yes. Were they installed by Mr. Cormier?—A. Yes.

Q. Are some of these boilers, or can some of these boilers be used for refrigeration instead of heating?—A. Yes, the steam from the boilers is used to operate the turbine-driven compressor.

Q. Yes. Now, I asked you to find out if it is possible to drive the refrigeration compressor by electric power.—A. Yes.

Q. Would you be good enough to tell us, from the figures you have, what the cost per day of using these steam boilers to drive this refrigeration compressor?—A. Approximately \$745 a day.

Q. What would be the cost if Mr. Cormier had installed an electric motor and used the ordinary current in the Ottawa valley?—A. Approximately \$73.

Q. So the installed steam instead of electricity is costing ten times as much as electricity. Is that correct?—A. Yes.

Q. Is it costing \$745 a day just for this one unit which Mr. Cormier installed, of 400 tons?—A. Yes.

Q. Now, Mr. Cormier was good enough the other day to refer in very complimentary terms to you and said that you had produced for him a list of defects. Is that correct?—A. Yes.

Q. Would you produce, please, Mr. Cormier's letter of July 22, 1955, to the Concrete Construction Company and also his letter of January 18, 1956?—A. This is the letter of July 22, 1955.

Q. Would you read it into the record please? Is it a short letter?—A. Yes.

Q. From whom to whom?—A. From Mr. Cormier to Concrete Construction Company.

Montreal, July 22nd, 1955.

Concrete Construction Company,
1082, Decarie Boulevard,
Montreal.

Dear Sir,

NATIONAL PRINTING BUREAU
Hull, P.Q.

Please note that after my visit made yesterday of the new National Printing Bureau and the favorable report of my inspector Mr. Bailey, I consider as completed the work on mechanical trades performed by John Colford Company, Limited, in accordance with plans and specifications.

Yours faithfully,

(Sgd) ERNEST CORMIER
Architect and Engineer.

Q. He said he considers it which?—A. In accordance with plans and specifications.

Q. Completed?—A. Yes.

Q. Later on, on January 18, 1956, six months later, he wrote another letter to the Concrete Construction Company?—A. Yes.

Q. Would you read that?—A.

Montreal, January 18th, 1956.

Concrete Construction Company,
1082, Decarie Boulevard,
Montreal.

Attention of Mr. Toralli.

Dear Sir,

NATIONAL PRINTING BUREAU

As you are aware, the reports of Mr. J. Kennedy of the Department of Public Works have pointed out various omissions that have been overlooked by my inspectors on the mechanical trades of this contract.

Consequently, the effect of my letter of July 22nd, 1955, must be withheld until such time as the omissions have been corrected to the satisfaction of the department.

Yours truly,

(Sgd) ERNEST CORMIER
Architect and Engineer.

Q. The clearance was withdrawn six months later?—A. Yes.

Q. In the meantime you had intervened and as a result of your inspections made a report to Mr. George Wild, your supervisor, dated October 21, 1955?—A. Yes. There are two reports. The first dealt with the power plant.

Q. What is the date of that?—A. October 21, 1955.

Q. That dealt with the power plant itself, the power house, and the second report was what date?—A. November 8, 1955.

Q. And dealt with what?—A. This report dealt with the mechanical installations of the main building.

Q. Dealing first with the report of October 21, 1955, concerning the powerhouse, how many defects did you set out there that you had found?—A. There are 29 subheadings and each subheading has an average of two additional clauses.

Q. That would be 58 defects altogether?—A. I suppose it would average 58.

Q. Then in connection with the printing bureau how many defects are set out there in your report?—A. 42 subheadings.

Q. An average of how many defects under each subheading?—A. I guess there would be about three.

Q. Three each?—A. Yes.

Mr. CHEVRIER: Was this with the November 18 report?

Mr. WALKER: Yes. That was the one on the printing bureau generally. The first one was the powerhouse.

The CHAIRMAN: May I interrupt for a minute. Would the committee object to Mr. Cormier sitting up at the desk so that he can make notes?

Mr. WALKER: That is quite all right, as long as I can go on undisturbed. So that I can get this into the record, would you file those as exhibits?

The CHAIRMAN: The next exhibit is exhibit P-26.

Mr. WALKER: Exhibit P-26 will be the report on the powerhouse and exhibit P-27 the report on the printing bureau. Would you give me an example of one of the defects; for instance, No. 7 under the printing bureau heading. Can you find that there?

Mr. CHEVRIER: Is there an extra copy of this which we can follow?

By Mr. Walker:

Q. Have you an extra copy for Mr. Chevrier? I have not been able to get one. Are there any more copies?—A. The copy I have belongs to the mechanical section, Department of Public Works. I have no authority to give it out.

Q. Mr. Chevrier, we will see that you get one. Will you carry on, please, with No. 7?—A. First of all, I should point out that in these reports there are a considerable number of items which may be petty, but there are also other ones that are not quite so petty—they are more serious. No. 7 deals with soil pipes above the water level.

Q. What do you mean by soil pipes?—A. Sewer lines.

By Mr. Chevrier:

Q. Soil pipes above what?—A. Water tanks.

By Mr. Walker:

Q. What water tanks?—A. The drinking water tanks, or the domestic water tanks, and also the chilled water tanks.

Q. The sewer pipes above the drinking water tanks—are those open tanks?—A. There is one drinking water tank of 300,000 gallons, and it is an open tank.

Q. The sewer pipe ran over it?—A. Yes.

Q. Is there anything in Mr. Cormier's original plans and specifications setting out the positions of the sewer pipes?—A. I have not seen anything.

Q. Did you look for it?—A. Yes I have.

Q. What happened?—A. Do you want me to read this?

Q. All right. Go ahead.—A. In the powerhouse basement the soil pipes have been installed above the drinking water and chilled water tanks.

By Mr. Chevrier:

Q. What is this report?—A. A report of November 18, page 3.

Mr. WALKER: Item No. 7. Would you read a little louder, please.

The CHAIRMAN: Just read slowly, please.

The WITNESS: Item 7, page 3:

"In the powerhouse basement the soil pipes have been installed above the drinking water and chilled water tanks. If leaks occur in the pipe joints or clean-outs are removed, the discharge from the drains would fall into the water tanks below. Also since it would be difficult to work on these drains unless the tanks were drained, it is requested that these soil pipes be relocated through the garage."

By Mr. Walker:

Q. As a result of that defect which you pointed out, was the sewer pipe position changed at that time by Mr. Cormier?—A. No; not right at that time.

Q. What happened subsequent to your making the recommendation that it should be removed from the area of the open drinking water tank?—A. The steam backed up through the blow off tanks of the boilers. This loosened the joints of the pipes and allowed the effluent from the sewage system to drain into the water tank.

Q. What is effluent?

Mr. BELL (Carleton): You had better consult a good dictionary, Mr. Walker.

By Mr. Walker:

Q. Did that go into the drinking water tank?—A. Yes.

Q. What happened then?—A. When it was noticed that the joints were leaking the federal department of health was called in and they took daily readings of the bacteria count of the tank. Eventually the bacteria count was so high that they closed down the domestic water system.

Q. You say that eventually the bacteria count was so high that they closed down the system?—A. Yes.

Q. Has that now been corrected?—A. Yes, it has now been corrected.

Q. How long did it take before it was finally corrected in respect to the drink water?—A. Once the department of health closed the system down, it was only a matter of two weeks before the contractor relocated the drains.

Q. Did he give you a tender to relocate them?—A. No; the contractor claimed that Mr. Cormier's representative on the job had approved the location of the drains and that he would not move them unless he was given an extra.

Q. Was he given extra?—A. No.

Q. But he finally did move them?—A. Yes. Also, steam had backed up through those lines and it came up through the floor drains and the toilets.

Q. You mean the steam came up through the toilet bowls?—A. Yes.

Q. And under what circumstances?—A. When the toilet was flushed, there was a momentary siphoning drag, and the steam would come up into the toilet bowl.

Q. As a result of that were one or two of the printing staff injured when they jumped off the "hot" seat?—A. It is reported as such; and it is reported that when another chap turned to flush the toilet, everything came back in his face.

Q. What was the cause of the steam backing up?—A. First, the pipe from the boiler blow-down tank was connected to the atmospheric release valve from the steam exhaust or the refrigeration compressor, and the steam from the turbine could not escape fast enough.

Q. Why not?—A. Because the pipe was too small.

Q. The pipe installation was too small? I see, yes.

Now, we will leave that tragedy of the printing bureau, and go on. But first of all, have you any contract in connection with repairing that?

Mr. CHEVRIER: What was that?

Mr. WALKER: I am speaking about the steam backing up into the toilets, as a result of the pipes being too small to carry it off.

Mr. CHEVRIER: You asked about any contract?

By Mr. Walker:

Q. Was there any contract to repair that?—A. The Colford company were given an extra to take the discharge from the turbine directly through the roof.

Q. Have you got that estimate of the job?—A. No.

Q. In connection with the ash conveyors, there is an awful lot of ash in a building of this size, is there not?—A. Yes.

Q. Would you please tell us about the wet ash system?—A. Yes. With the ash system installed in this building—

Q. There is no significance!—A. The existing wet ash system pulls the ashes; it dumps them in a wet state into the ash storage bins. These wet ashes will not slide out of the bin.

Q. Why?—A. Because they are wet.

Q. This is under the wet ash system installed by Mr. Cormier. Do you know of any other places where the wet ash system has been installed in the last twenty years?—A. No.

Q. Why is it not satisfactory?—A. Because the difficulty is that condensation from the wet ashes drops down on to the lower part or gate of the ashbin, and in zero weather the gates of the system freeze and become inoperative.

Q. In other words, it is because of our weather?—A. That is right.

Q. What kind of system do you recommend?—A. I recommended that a dry ash system be installed.

Q. As a result of the inability to store ashes because of its freezing propensities, what has been necessary for you to do in order to get rid of the ashes?—A. The storage bins have not been used; and when it comes time to pull the ashes from the boilers, a truck is called, and it backs in under the bin and the ashes are taken right through the bin into the truck.

Q. Does that create any mess?—A. Oh yes. The exterior of the building is becoming covered with soot.

Q. That is this expensive granite! Disregard that remark. The granite is being covered with black soot, you say?—A. Yes.

Q. Is that truck in daily attendance? Have you a yearly contract with it?—A. I believe they have a yearly contract with the truck, yes.

Q. If the other system were in operation, would it be necessary to do anything except to put the ashes into the storage place?—A. No.

Q. All right; and you recommend that this should be corrected?—A. Yes. A price of \$25,000 is included in the \$800,000 appropriation.

Q. In connection with the air conditioning that we have heard a great deal about, did this air conditioning system ever work at 80 degrees and 55 degrees humidity at any time?—A. Yes, in the winter time it would work at that.

Q. Why?—A. There is no sun load, and actually there is very little transmission load. You have a heating problem in the winter, not a cooling one.

Q. Have you consulted with Mr. O. G. Moffatt of Hamilton, the expert on air conditioning?—A. Yes.

Q. Yes. He has spent 25 years in the business. Is that not correct?—A. I believe so, yes.

Q. I shall ask you later to go into your recommendations, but now I shall ask you a series of questions about Mr. Cormier's installation. What is your opinion of the air conditioning system in the Hull printing bureau from the standpoint of performance and capacity?—A. The installed system is inadequate in respect to air distribution and has approximately one-third the capacity of that required to maintain 80 degrees and 55 per cent relative humidity.

Q. This installation of air conditioning unit by Mr. Cormier provides for 400 tons, and it is one-third of what is required to meet Mr. Moffatt's specifications of 80 degrees and 55 per cent humidity?—A. Yes.

Mr. PICKERSGILL: Don't you mean Mr. Powers?

By Mr. Walker:

Q. Oh yes, I am sorry, I meant to say Mr. Powers. He was the one who was consulted originally?—A. Yes.

Q. Could you substantiate this deficiency by some basic figures of total tonnages and capacity?—A. Yes, but first I would like to point out that in the specifications, while the contract indicates that the inside conditions were to be maintained at 80 degrees and 55 per cent humidity, there is no indication about the exterior.

Q. Why? Will you elaborate?—A. There is no indication of outside conditions.

Mr. CHEVRIER: May I interrupt. Is this pointed out in any of your two reports?

The WITNESS: No.

By Mr. Walker:

Q. I see. Nothing in Mr. Cormier's work covered the outside conditions, is that correct, in the Ottawa area?—A. You have to have the outside conditions in order to make calculations on the cooling system.

Q. Could we have it for the Ottawa area and then you might comment on it.—A. The recommended design outdoor condition for the Ottawa area, as laid down by the industry, is 90 degrees Fahrenheit and 49 per cent relative humidity.

Q. 90 and 49—and what does that mean to the layman?—A. Well, that is 90 degrees Fahrenheit dry bulb and a relative humidity of 49 per cent.

Q. What does "dry bulb" mean?—A. "Dry bulb", would mean the ordinary air temperature taken by an accurate thermometer.

Q. And the reason you mention the conditions in the Ottawa area is because you have to plan on a unit bringing that temperature to the temperature which you want inside the building, is that correct?—A. That is correct, yes.

Q. What else have you to say on that?—A. According to our calculations the loads would be—this is only to bring the building down to 80 degrees and 55 per cent,—the loads would be, conduction 47 tons—

Q. Now, just explain to the gentlemen of this committee first of all, because we are laymen, what do you mean by "load"?—A. "Load" would be the capacity required of the refrigeration unit.

Q. And when you speak of a ton—we have been speaking of a ton—a ton means the refrigeration which would be equal to one ton of ice emanating coolness which would melt in approximately 24 hours, is that correct?—A. Yes, that would be correct.

Q. So when you speak of loads you are talking about loads or, shall we say, hindrances which the air-conditioning has to overcome to bring it down to 80 and 55, is that correct?—A. Yes, heat gains,

Q. Heat gains that you have to overcome?—A. Yes.

Q. That is what you mean by "load", is it?—A. Yes.

Q. Would you list the loads that had to be taken into consideration here?—A. The conduction load, that is the transmission loads through the walls 47 tons—

Q. 47 tons of ice?—A. Yes. The sun load 330 tons. The employee load—

Q. Just a minute, sun load 330 tons?—A. Then employee load 60 tons.

Q. They create that much heat?—A. Yes, this varies with the activity of the personnel. Internal electrical load 570 tons.

Q. Now, what does that mean?—A. That is the load created by the machinery, lights, heaters, anything that operates from electricity inside the building.

Q. Including all the machines run by electricity?—A. Yes.

Q. And the lights?—A. Yes.

Q. What else?—A. Any heaters or anything run by electricity inside the building.

Q. That is the large item, is it not?—A. Yes.

Q. What else?—A. There is a fresh air load of approximately 200 tons. That is the load put on the unit when you bring outside air in for ventilation purposes, and the total of that is approximately 1,200 tons.

Q. 1,197 tons?—A. I have 1,207.

Q. Yes, I am wrong. Thank you very much.

Mr. PICKERSGILL: A slight mistake in the homework.

Mr. WALKER: I have a comment, but I will not make it. I want to get through this thing before the end of the session.

By Mr. Walker:

Q. Now, what has Mr. Cormier provided for? You provide for 1,200 tons. What has he provided for?—A. He has provided for 400 tons.

Q. And that is why you say he has only provided for one-third?—A. Yes.

Q. And that is just to take it down to 80 and 55?—A. Yes.

Q. Then even for the heat created by the internal electrical load, that amounts to 5701— —A. Yes.

Q. —his figure would not even cover that?—A. No.

Q. Would you carry on from there, please?

Mr. PICKERSGILL: May I ask one technical question?

Mr. WALKER: Yes.

By Mr. Pickersgill:

Q. I take it these figures are all based on the maximum temperature that is reached in the area, of 90 degrees.—A. No, 90 is not the maximum temperature. The maximum in this area is 102 degrees. It is based on an outdoor basis as laid down by the air-conditioning industry.*

Q. What precisely does that mean to the rest of us? We are trying to understand.—A. That is the average outdoor condition that all the engineers in this area would use in calculating air-conditioning systems.

By Mr. Walker:

Q. What is it out of—the book, that American authority, the journal, for the Ottawa area?—A. Yes.

Q. What is the name of the book, please—everybody seems to use it?—A. The American Society of Heating and Air-conditioning Engineers.

Q. What page?—A. Page 295.

Q. That is the Ottawa area section, is it?—A. Yes.

Mr. CHEVRIER: 1957 issue.

The WITNESS: And it lists for the Ottawa area a design out-door temperature which would be a dry bulb 90 degrees, wet bulb 75 degrees. Relating this wet bulb to humidity it would be 49 per cent relative humidity. The data on which this calculation was established were compiled by the National Research Council of Ottawa.

By Mr. Walker:

Q. So the American people got their data from the National Research Council?—A. Yes.

Q. Do you want to bring in about the comfort temperature that we have heard so much about or not?—A. No.

Q. You will bring that in later?—A. That is right.

Q. Have you finished on the second question I asked you, how can you substantiate the deficiency?—A. In the Powers' report there are electrical loads listed here.

Q. Yes, and at what page of Mr. Powers' report?—A. That is article 100.

Q. At what page?—A. And this report is entitled "Highlights, Department of Public Printing and Stationery, new plant, Ottawa, Canada, 1947".

Q. What page, please?—A. The pages are not numbered; they are only numbered by articles.

Q. I see, that is fine. Did he warn Mr. Cormier about this?—A. This is article 100 which lists estimated connected electrical load, new printing bureau, and this is the load for each floor related to horsepower, and has a total horsepower of 2502.

Q. Yes?—A. Now, relating that to tons of refrigeration, that would be equal to about 530 tons of refrigeration.

Q. How much?—A. 530.

Q. So it is only how much different from your figure?—A. It is different from what we have by 40 tons. Our load is taken from the actual load at the plant as of this last fall.

Q. Yes, all right; thank you. So, Mr. Powers is pretty much the same as you?—A. On the electrical load, yes.

Q. Now, would you tell us on this. Mr. Cormier said that he would suggest and did suggest in a letter dated August 15, 1955 that another 400-ton compressor should be installed, is that correct?—A. Yes.

Q. Now, in your examination of the contract, mechanical drawings and specifications, did you find whether there were any piping arrangements around the existing compressor and relating pumping equipment, as claimed by Mr. Cormier?—A. No. I have examined the plans many times but there are no tees left for future piping connections, nor is there any reference to a future standby refrigeration unit.

Q. So, as far as anything he has planned in his plans and specifications, there is no indication that he ever anticipated a second compressor?—A. There are none in the plans, no.

Q. Now, were there any electrical provisions indicated or provided specifically for this machine which Mr. Cormier said he anticipated would be installed?—A. No. There are, however, spare panel units in the power plant. These units could be used for any future installation in the power plant.

Q. Including boilers or anything else?—A. Yes. They are empty; and there are no electrical connections or bus ducts going to the panel, which would be required for an additional 400 horsepower motor.

Q. Carrying on with Mr. Cormier's claim he anticipated another 400-ton compressor; is the piping in the main building large enough at the present time for the 800 tons which he now anticipates?—A. No, the return piping is not large enough.

Q. So that was not planned either; correct?—A. No, it is running at capacity on the 400 tons.

Q. It is running at capacity at the present time on the one refrigeration compressor installed at the present time?—A. Yes.

Q. Is the present air-moving equipment, such as fans, including the duct work and air diffusers, and so on, capable of handling the air requirements corresponding to the total installed capacity of 800 tons of refrigeration?—A. No, the existing equipment is running at capacity, and if any additional load was anticipated to be put on the units, there would have to be extra revision to duct work, diffusers, and as I mentioned before, the chilled water return piping.

Q. Now, on August 29, Mr. Cormier stated the mechanical air-conditioning contractor could be held responsible for the system operating as specified to maintain the building at 80 degrees and 55 humidity. Now, I want to ask you did the contractor carry out in detail and precisely all the plans and specifications of Mr. Cormier in connection with the air-conditioning, from your examination?—A. Actually there are two specifications here. The scope of work lists the temperature and humidity conditions at 80 and 55 per cent—and it lays the conditions out as a performance specification. And then it goes on from there and it states the actual capacities of the units. In other words, the designer has laid down certain requirements and the contractor has to install the installation according to the requirements as laid down. This type of problem has been presented to the Department of Public Works many times and the ruling has been in the past that you cannot hold a contractor responsible for someone else's design. If it is a straight performance specification, then the contractor designs the system and installs it and then he is

responsible for it. But where you have equipment designed and specified, then if the contractor installs according to the specifications, you cannot hold the contractor responsible.

Q. And in this instance, it was a designed specification, was it?—A. Yes.

Q. And from what you have been telling us, would it be impossible for anybody to get a performance on a design such as this?—A. I do not quite understand your question.

Q. Well, you say there is a performance contract sometimes, but not in this instance. Now, would it be possible for the contractor on this design with this one 400-ton unit—would it be possible for him to produce 80 degrees and 55 humidity?—A. No.

Q. Well then, you are telling us in this instance it is not the contractor's fault because he carried out the design as stipulated in the plans and specifications?—A. Yes.

Q. Going on to the next question: what conditions are now proposed by you to correct this situation?—A. The environmental conditions which are proposed or suggested for the printing bureau are 76 degrees Fahrenheit and 43 per cent relative humidity.

Q. Seventy-six degrees Fahrenheit and 43 per cent relative humidity. Is that safe to take care of the paper?—A. Yes, we believe so. It is a suitable temperature and humidity for paper process work in printing, and also is a suitable condition for the comfort of employees.

Q. Yes. Would you be good enough, rather than just to give us your opinion, to tell us if that opinion is confirmed by Mr. Moffatt and by the American authority guide for 1957?

Mr. CHEVRIER: Are you going to call Mr. Moffatt?

Mr. WALKER: Yes, indeed I am.

Mr. CHEVRIER: Perhaps we could get that information from Mr. Moffatt.

Mr. WALKER: Yes.

Mr. PICKERSGILL: I think Mr. Walker's second question in regard to the guide would be a useful question to have answered.

Mr. WALKER: Fine.

By Mr. Walker:

Q. Would you look in your guide and find how that compares with what you have stated? In other words, we want to know whether this is going to be harmful to the printing bureau so far as paper is concerned?—A. Yes. The guide lists, for printing, safe temperature and relative humidities for press rooms (multi-colour offset lithography) 75 to 80 degrees Fahrenheit and 46 to 48 per cent relative humidity.

Mr. CHEVRIER: Would you mind saying that again?

An hon. MEMBER: On what page does this appear?

The WITNESS: This appears on page 1126 of the 1957 American Society of Heating and Air Conditioning Engineers' Guide.

By Mr. Walker:

Q. Was that figure in regard to the printing bureau?—A. It was in regard to printing.

Q. In regard to printing, yes. What was it again?—A. 75 to 80 degrees Fahrenheit and 46 to 48 per cent relative humidity.

Q. You proposed a relative humidity of 43 per cent, did you not?—A. Yes.

Q. Why?—A. Actually this takes into consideration a little more than just printing. This takes into consideration the complete structure too. We could go into that later on.

Q. We will come to that.

By the Chairman:

Q. What does it say regarding the storage of paper?—A. The stockroom for multi-colour offset lithography; 73 to 80 degrees Fahrenheit, and for paper storage it must be kept five to eight per cent above the press room.

By Mr. Walker:

Q. Yes?—A. For other paper storage, 70 to 80 degrees Fahrenheit, and it lists for the relative humidity a "B" here but I cannot locate the meaning of the "B".

Q. All right. Would you be good enough to turn your attention to this, please? You proposed these conditions.—A. We also have another recommendation for paper process work. This pamphlet is entitled "What The Lithographer Should Know About Paper". That is technical bulletin No. 8.

Q. From where?—A. It is put out by the Lithographic Technical Foundation.

Q. At what place?—A. New York.

Q. On what page is it found?—A. This is page 59. It mentions a temperature of 76 to 80 degrees Fahrenheit and a relative humidity of 43 per cent to 47 per cent.

Q. I see.

By Mr. Pickersgill:

Q. That is for what?—A. For lithography.

Q. It does not say anything about storage there?

Mr. WATSON: Storage requires a little higher humidity.

Mr. CRESTOHL: You said 8 per cent higher?

Mr. PICKERSGILL: Is it 8 per cent higher?

Mr. WATSON: A little higher.

Mr. CRESTOHL: That would make it 55 per cent relative humidity?

Mr. WATSON: I beg your pardon?

Mr. CRESTOHL: That would make it 55 per cent relative humidity?

Mr. WATSON: What would?

Mr. CRESTOHL: You said 43 to 47 per cent relative humidity for the ordinary bureau and eight per cent higher for the paper storage room.

The WITNESS: No, it would be 43 and 8 making 51 per cent relative humidity.

Mr. CRESTOHL: I think you said 43 to 47 per cent relative humidity.

Mr. PICKERSGILL: Forty-seven and eight are also 55 per cent.

By Mr. Walker:

Q. Whereas, Mr. Kennedy, in order to get this comfort condition that you propose of 76 degrees Fahrenheit and 43 per cent relative humidity, what tonnage of air conditioning would you require?—A. Approximately 1,600 tons.

Q. 1,600 tons and we presently have how much?—A. We presently have 400 tons.

Q. 400 tons. Just so there will be no confusion, supposing you forget all about the comfort condition and just do what Mr. Cormier had intended to do—get 80 degrees Fahrenheit and 55 per cent relative humidity—you would need how much tonnage?—A. 1,200 tons.

Q. That is three times as much as he has at the present time?—A. Yes.

Q. If you wanted the comfort condition for employees you would need 1,600 tons?—A. Yes.

Q. Which is four times as much as he has at the present time?—A. Well, I do not think it is fair to list the comfort condition for employees. This is not in regard to comfort only. The staff do not want a relative humidity of more than 43 to 45 per cent there, even for paper process work.

Q. They do not want that?—A. No.

Q. So it would be slightly uncomfortable?—A. Oh, no, it would still be within the comfort zone.

Q. I see, all right.

Would you tell us now, assuming that the foregoing recommendations are sound and desirable, what are your recommendations for implementation and bringing the air conditioning system to the capacity and performance thus required? Later on I want you to give us the cost of that.—A. Yes.

I think first we better clarify this question in regard to the 76 degrees Fahrenheit and 43 per cent relative humidity. There are three basic points why we cannot have 80 degrees Fahrenheit and 55 per cent relative humidity in this building. The first reason is that the building structure has not been designed for 55 per cent relative humidity. Even at 40 per cent relative humidity we run into serious difficulties with humidity over there in the winter time.

Secondly, it is not feasible to hold 80 degrees Fahrenheit and 55 per cent relative humidity in the office area due to the detrimental result of high humidities on the oak panelling.

Q. That is in Mr. Cloutier's office?—A. In that area, yes.

Thirdly, the condition of 80 degrees Fahrenheit and 55 per cent relative humidity is very uncomfortable to the employees. The printing bureau employees claim they do not want this condition in any part of the building.

On the comfort chart for summer operation the 80 degrees Fahrenheit and 55 per cent relative humidity is right at the top, and for winter operation it is completely off the chart.

Q. Yes?—A. In other words, for winter operation, for an employee to come in from sub-zero weather outside and work continuously under conditions like that would be physically impossible.

The work that is proposed in the \$800,000 estimate includes the supply and installation of an additional 1,200 tons of refrigeration.

Mr. CHEVRIER: Would you go slowly there, please?

By Mr. Walker:

Q. Yes. That will include an additional 1,200 tons of refrigeration and we now have 400 tons?—A. Yes.

Q. What else?—A. The installation of new pumps, new pipes and cooling towers for the power plant. In the main building it would mean alterations and revisions to the existing eight air conditioning units; major changes in the duct work and possible installation of cooling coils in the eight air conditioning units; also to supplement these existing units, self-contained air conditioning units operated from the chilled water system placed throughout the building in localized areas.

Q. And the installation of how many new compressors?—A. Two at 600 horsepower each.

Q. Would you tell us what there is in connection with an air conditioning system in addition to compressors? It is divided into three parts; is it not?—A. Yes; you could call it that. The compressor would be the water chilling unit. The fans and coils are the dehumidifying operation which is another operation, and the air distribution would be the third operation.

Q. How much will this cost according to your estimate?—A. According to my estimate, approximately \$800,000.

Q. Does that include the ash?—A. \$25,000 for the ash; or \$775,000.

Q. Would you be good enough to give us a breakdown of that? Have you a breakdown and if so, could we have it?—A. Yes, we have a breakdown but it must be remembered this estimate is prepared before plans have been set out.

Q. You do not have yet plans and specifications?—A. No. This estimate could vary after the plans and specifications are prepared.

Q. Is it generally thought that you are trying to be too economical? Does Mr. Moffatt think so? I am calling Mr. Moffatt.—A. Yes.

Mr. CHEVRIER: That is hardly a regular question.

By Mr. Walker:

Q. What are you trying to do here?—A. To make use of all the existing equipment which we possibly can. The idea behind this is to cut the cost to a minimum. When the design calculations are made, room by room, it will be determined just what rooms will have additional air conditioning capacity installed and which ones will be left as is.

Q. Unless you can help it you will not touch some of the rooms?—A. Yes. We will try to keep the cost down to a bare minimum.

Q. Neither you nor anybody else will know the entire cost of it until you have the plans and specifications?—A. Yes. The appropriation requested of parliament was based on this.

Q. That is why parliament was requested to obtain the \$800,000?—A. Yes.

Q. Have you, since that time, brought in, some months ago, Mr. Moffatt to assist you?—A. Not months ago; maybe one month ago.

Q. Would you be good enough to tell us, because Mr. Chevrier is entitled to it, have you a breakdown of the estimate?—A. Yes. The breakdown we have here is revisions to ducts, \$126,000; wall space ventilation, \$10,000. This is ventilation for the exterior wall space to counteract the heat buildup in the summer and the humidity buildup in the winter. Woodworking exhaust, \$1,000; health unit air conditioning, \$8,000; revisions to eight existing zone units, \$90,000; installation of additional air conditioning units in various locations \$155,000; purchase of two compressors, 600 tons each, \$155,000; new pumps and controls—this is the control for the pumps—\$15,000; cooling tower pumps, pipes, and so on, \$35,000; chilled water piping, wiring, foundations—foundations are not included in there—labour, \$105,000; filters for the eight air conditioning units—those are the existing eight units—\$40,000; miscellaneous items such as structural work, cutting, patching, and so on, \$35,000; the installation of dry ash systems, \$25,000.

By Mr. Pickersgill:

Q. Would you mind if I ask when that estimate was prepared and whether Mr. Kennedy prepared it or whether it was prepared since he left the department?—A. I prepared the original estimate in November, 1957.

Q. This is the original estimate you are reading from now?—A. Presumably, yes.

By the Chairman:

Q. Is this your estimate?—A. Yes.

Mr. WALKER: In view of the objection, might we have a copy put in so that we will have it all?

Mr. PICKERSGILL: I think it would be very desirable!

The CHAIRMAN: Exhibit P-28.

By Mr. Bourget:

Q. Has this been revised since November, 1957?—A. I left in November, 1957, and at that time we were allowed only \$400,000 plus the possibility of getting an additional \$400,000 for the year after.

Therefore, what I proposed was the work which could be done in the first year for \$400,000, and what could be deleted until the second year, for the second \$400,000.

By Mr. Chevrier:

Q. When did you make the second provision for this?—A. Well—

Q. You say that when \$400,000 was voted in the main estimates.—A. Yes.

Q. You then prepared an estimate of what could be spent for that amount, with an additional amount that might be voted later.—A. Yes.

Q. The additional amount was voted by supplementary estimate. When did you revise the estimate?—A. It was not revised. It was always \$800,000.

By Mr. Walker:

Q. You say it was always \$800,000?—A. Yes, \$400,000 and \$400,000.

By Mr. Chevrier:

Q. What you did do was this: you cut a portion of the \$800,000 down to \$400,000 in order to come within the vote of the main estimates of \$400,000? —A. Yes.

Mr. WALKER: You are having a lot of trouble with the minister getting enough money, are you not?

Mr. PICKERSGILL: Would it not be more convenient for the committee if we could have, in addition to the original estimate, the submission to treasury board concerning the \$400,000 so that we could see how it was broken down, and then the subsequent submission for the other \$400,000 so that we could see it?

Mr. BELL (Carleton): I thought my friend objected to the production of such documents.

Mr. PICKERSGILL: No. I never objected. I merely warned that the same rule should apply to both administrations.

The CHAIRMAN: What are we producing? Is it exhibit P-27?

Mr. WALKER: There are two reports to go in. The first report is dated October 21, 1955, being a report to Mr. Kennedy from George Wild, supervisor, setting out 29 headings under which there are at least two defects.

The CHAIRMAN: That is exhibit P-26.

Mr. WALKER: That is right, exhibit P-26.

The next exhibit is a report on the printing bureau itself as distinct from the powerhouse, and it is dated November 18, 1955.

Mr. CHEVRIER: May I ask if I might obtain copies of both those documents? I have been given them temporarily, but I presume I must hand them back. One is a fair copy while the other cannot be read because the ink runs into the words.

Mr. WALKER: I have no objection. I myself had a lot of trouble getting these for my own use. They do not want to give up anything without the authorization of the committee.

The CHAIRMAN: I am still not clear about exhibit P-27; that is the estimate?

Mr. WALKER: No. There are two reports; one is dated October 21, 1955, and the other is dated November 18, 1955.

The CHAIRMAN: That is exhibit P-26.

Mr. WALKER: Yes. And the next one is a copy of the estimate for \$800,000. That would be exhibit P-28.

Mr. CHEVRIER: One has to do with the mechanical installation while the other has to do with the powerhouse.

Mr. WALKER: That is quite right. Perhaps I might be permitted to stop at this point. My examination will not take more than ten to fifteen minutes.

Mr. PICKERSGILL: Might we have filed—and if Mr. Kennedy does not have it right now, it might be obtained--a breakdown between the two \$4,00,000 items.

By Mr. Walker:

Q. I think so. Could you get that for the next meeting, Mr. Kennedy?—A. Which one is this?

By Mr. Pickersgill:

Q. What you were going to do first; you were to provide the submission to the treasury board on the additional part of the supplementary estimate. I dare say that happened after you ceased to be in the department?—A. Yes, that is right.

Q. Perhaps the department could provide it so that it would be in to day's proceedings and available to us as soon as possible.

Mr. WALKER: All I am doing today is to ask Mr. Kennedy about what he knows, particularly with respect to the two original estimates. The original estimate was for \$800,000 and he told us that he could only get \$400,000; so he is under the impression that somebody must have planned to use only \$400,000 and then to get \$400,000 more the next year.

By Mr. Walker:

Q. Was it you or someone else who cut your estimate and made the temporary arrangement and planned to spend only \$400,000 the first year?—

The CHAIRMAN: Perhaps Mr. Young could answer your question.

Major General H. A. YOUNG (*Deputy Minister of Public Works*): The estimate has always been for \$800,000. But when we prepared for the first goal, the minister said: that is too much money, and that we had better do it by instalments. So as a result of that, we put up \$400,000 first; and then we were able to convince him that further work had to be done and that it could not be done on the instalment plan.

Mr. WALKER: What minister was that?

Mr. YOUNG: Mr. Green.

Mr. CHEVRIER: May we have a breakdown of the amount that was going to be installed for \$400,000?

Mr. YOUNG: All we submitted to treasury board was \$400,000 to carry the installation work. It was not broken down in detail.

Mr. CHEVRIER: Might we have that?

The CHAIRMAN: It will be exhibit P-29.

By Mr. Walker:

Q. You had nothing to do with that, did you Mr. Kennedy?—A. No.

The CHAIRMAN: If that is all, the next meeting will be on Friday at 9:30 a.m.

Mr. PRATT: Before we close, might I ask a question? Does Mr. Cormier ask that the official report of his evidence be substantially changed so that the word "ground" be replaced by the word "materials", as it appears on page 535 of the evidence of this committee? Does Mr. Cormier request that this very substantial change be made?

The CHAIRMAN: Will you answer that, Mr. Cormier?

Mr. CORMIER: Yes, certainly. The word "ground" does not make sense. I may have used it, but I meant to say "materials" all the time. You will recall the pressure I was being subjected to at the time. I wonder if you could have done it better, Mr. Pratt.

Mr. PRATT: I am not the witness, Mr. Cormier, you are!

The CHAIRMAN: The meeting is adjourned till to-morrow.

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

Chairman: Mr. ALAN MACNAUGHTON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 21

Public Accounts (1957) Volumes I and II and
Auditor General's Report Thereon

INCLUDING

- (a) Third Report to the House.
- (b) List of Exhibits filed with the Committee relating to the construction of the National Printing Bureau.
- (c) List of Appendices printed also in respect of the National Printing Bureau in Hull.
- (d) List of witnesses.

FRIDAY, SEPTEMBER 5, 1958

WITNESS:

Mr. John M. Kennedy, Mechanical Engineer, Department of Agriculture.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chairman: Mr. Alan Macnaughton

Vice-Chairman: Mr. Richard A. Bell (*Carleton*)
and Messrs.

Badanai	Fraser	Murphy
Benidickson	Grenier	Nasserden
Bissonnette	Hales	Nugent
Bourget	Hanbidge	Pickersgill
Bourque	Hardie	Pratt
Campbell (<i>Stormont</i>)	Keays	Regier
Campeau	Lahaye	Smith (<i>Calgary South</i>)
Carter	Lambert	Smith (<i>Simcoe North</i>)
Cathers	Macdonald (<i>Kings</i>)	Smith (<i>Winnipeg North</i>)
Chambers	Martel	Spencer
Chevrier	McGee	Stewart
Crestohl	McGregor	Valade
Dorion	McMillan	Villeneuve
Drouin	Morissette	Walker
Doucett	Morris	Winch
Drysdale	Morton	Wratten

Antonio Plouffe,
Assistant Chief Clerk of Committees.

CORRIGENDUM

ISSUE No. 20
(Thursday, September 4, 1958)

Page 562

- (1) *Exhibit P—26*—should read
Report of Mr. John M. Kennedy dealing with defects of the mechanical installations at the Printing Bureau, dated October 21, 1955.
- (2) *Exhibit P—27*—should read
Report of Mr. John M. Kennedy dealing with defects of the mechanical installations at the Printing Bureau, dated November 18, 1955.

REPORT TO THE HOUSE OF COMMONS.

The Standing Committee on Public Accounts has the honour to present the following as its Third Report:

On Tuesday, June 3, 1958, the House of Commons passed the following resolution:

"ORDERED,—That the Standing Committee on Public Accounts be empowered to examine and inquire into all such matters and things as may be referred to it by the House; and to report from time to time its observations and opinions thereon, with power to send for persons, papers and records."

On July 30, the House ordered that Public Accounts Volumes I and II, and the report of the Auditor General of Canada for the fiscal year ended March 31, 1957, be referred to the Committee.

Your Committee began its study on the same day.

After considerable discussion of the numerous items contained in the Auditor General's Report, and having regard to the limitations of time, the Committee agreed:

1. To take full advantage of the presence before the Committee of Mr. Watson Sellar.
2. To call and examine witnesses in relation to:
 - (a) The construction of the New Printing Bureau (Department of Public Works);
 - (b) The operation of the said Printing Bureau (Queen's Printer);
 - (c) Postage rates in newspapers and periodicals;
 - (d) The form of presentation of Public Accounts to Parliament;
 - (e) The suggested adoption of having the revenues for the Services taken into the calculations when preparing an estimate of expenditures.

What follows is an interim report on most items considered by the Committee, with enquiry still proceeding with respect to the National Printing Bureau, therefore interim observations only are mentioned with regard to it.

To date the Committee has held twenty-five meetings and has heard the following witnesses:

Mr. Watson Sellar, Auditor General of Canada;
Major General H. A. Young, Deputy Minister, Department of Public Works;
Mr. E. A. Gardner, Chief Architect, Department of Public Works;
Mr. J. O. Kemp, Contracts Division, Department of Public Works;
Mr. D. A. Freeze, Director, Property and Building Management Branch,
Department of Public Works;

Mr. C. W. Watson, Mechanical Engineer, Department of Public Works;
Mr. Edmond Cloutier, Queen's Printer;
Mr. Ernest Cormier, Architect and Engineer, Montreal;
Mr. George A. Boyle, Deputy Postmaster General;
Mr. H. R. Balls, Director of Financial Returns and Accounting, Policy
Division, Department of Finance;

Mr. John M. Kennedy, Mechanical Engineer, Department of Agriculture.

The Standing Committee on Public Accounts met on Wednesday, July 30, 1958, for organization, and in accordance with the expressed desire of the House of Commons, unanimously elected a member of the Opposition to be chairman. This being the first occasion in the history of the Standing Com-

mittee that such action has been taken, your Committee now records that the action thus taken is not regarded as in any way limiting or impairing the interrogatory powers of the Committee, but does imply that the Committee's reports will take a form that promotes application of sound financial principles throughout the Public Service.

The House of Commons referred the Public Accounts for the fiscal year ended March 31, 1957, together with the Report of the Auditor General thereon, to your Committee for enquiry and report. By reason of the Parliamentary Session being well advanced before the Committee was organized, no exhaustive review was made of either; instead, attention was directed to selected transactions and practices, in particular, the construction of the National Printing Bureau.

The National Printing Bureau

For many years a brick building in the area of Nepean Point, Ottawa, was occupied by the Queen's Printer. Space necessities outgrowing its dimensions, after the war it was decided to erect a new building in Hull, the selection of the site being influenced by recommendations in the Greber Plan for the National Capital. Quoting from the General Report presented to Parliament:

The Printing Bureau, inadequately housed on Nepean Point, requires a new building adapted to its growing needs. In keeping with our proposals, a site has been acquired by the Government in Hull, on Sacred Heart Boulevard.

The Plans have been prepared for this new imposing building, the construction of which will commence the gradual rehabilitation of a part of the City of Hull, which is now blighted. The building will be accessible from all sides by direct arteries—Sacred Heart Boulevard, Laurier Avenue, and a new boulevard connecting Laurier, through Reboul and Montclair, to St. Joseph Boulevard. (p. 210, General Report of M. Jacques Greber dated 1950.)

Evidence given to your Committee clearly indicates that regardless of the suitability of the site from the town planning point of view, it was an unfortunate selection: Subterranean waters, flowing near the surface, greatly increased costs of excavation and construction, and have done harm to public confidence in administrative competence. Your Committee would have expected that, as soon as the situation became self-evident, those responsible for the erection of the project would have advised that a new site be selected. This not being done, costs increased to a disconcerting degree.

The matter of control of cost is of importance whenever, as in this instance, the project is to serve the needs of a department and also to improve, and to encourage others to improve, the architectural amenities of Hull. Evidence given indicates that administrative action was not of a nature as to make certain that the public interest was continuously protected in the financial sense. \$15,169,517 had been expended on this project to March 31, 1957. A relatively small amount has been spent in the fiscal year 1957-58 and it is observed that the Estimates now before the House of Commons include \$800,000 for "improvements" to the National Printing Bureau.

It seems reasonable to assume that in the future there will be other monumental edifices erected to embellish the National Capital. Accordingly, your Committee is strongly of opinion that no such projects should be undertaken until plans are sufficiently developed to permit reasonable approximations of cost to be given to the House of Commons when the Estimates first include an item to provide for construction.

It was also observed in the review of the Public Accounts that in three fiscal years amounts detailed in the Estimates for the Printing Bureau were

exceeded: in 1952 the sum listed was \$1,300,000 but actual expenditures amounted to \$1,691,563; in 1954 the amount stated in the Estimates was \$2,750,000 but recorded expenditures amounted to \$5,208,386, and in 1957 the amount listed was \$400,000 with actual expenditures \$802,945. Annual Appropriation Acts have, since 1951, provided that the amount which may be spent on any listed public building, harbour or river work under the Minister of Public Works is the amount listed in the details of the Estimates "provided that Treasury Board may increase or decrease the amount within the vote to be expended on individual listed projects". While it is the exclusive constitutional right of the Crown to recommend appropriations to the House of Commons, your Committee entertains strong doubts as to either the desirability or propriety of Parliament also sub-ordinating appropriating powers to the convenience of the Executive. In view of the fact that this practice has been in effect only since 1951 and is considered necessary for the needs of the Department of Public Works only, it would seem that the Department of Public Works could organize in such a way that it operates efficiently without any constitutional concession by Parliament.

Agreements with Architects

Established practice is to enter into agreements with practising professional men to prepare plans and specifications and to supervise construction whenever a department has a works project and decides to retain architects and/or engineers to design and supervise. Your Committee understands that no invariable percentage rate is used but, generally, agreements with respect to the construction of buildings provide that the architect will receive 5% of construction cost. Whether 5% is invariably a reasonable rate is a matter of opinion and is a subject which might usefully be explored, but for immediate purposes the point of concern is the propriety of entering into agreements so worded that it is to the financial advantage of the architect that planning be grandiose and assent automatic to extras and additions, etc. Since a Minister or the Cabinet has little or no direct association with the project under construction, a heavy public responsibility rests on the architect. Your Committee is of opinion that contract terms should be the subject of exhaustive review between the professions and all departments contracting for professional services in order to make certain that in future, the basis of agreement is such as will ensure that the public interest is ever paramount.

Second Class Mail

The rates for mailing of newspapers and periodicals are fixed by Parliament, section 11 of the Post Office Act being the pertinent section. The attention of the Committee was drawn to the probability that the cost to Post Office in handling this class of mail may have exceeded \$24,000,000 in 1957 while the revenues approximated \$6,000,000. This heavy deficit incurred in second class mail is likely to increase in future years. Your Committee accepts with reservation these financial statistics provided by Post Office and trusts that its costing programme now in progress will be both more comprehensive and informative than that followed in 1955-56.

In his report on 1956-57 accounts, the Auditor General points to anomalies in current application of section 11 of the Post Office Act because of changes that have since taken place in publishing practices and in the fields of distribution and communication, such as new types of publications, new arrangements with respect to places of publications and the growth of magazines where the recipients are members of associations rather than subscribers.

The Public Accounts

The Public Accounts and the Auditor General's Report were referred to this Committee for enquiry and report. The blue book, "Public Accounts of Canada", for the year ended March 31, 1957, presently under review, weighs five pounds, and while it may be of great utility as a reference source, it seems to be now overly voluminous for the requirements of this Committee. It is also noted that although the fiscal year ended on March 31, 1957, the Accounts were not tabled in the House of Commons until January 15, 1958, despite the fact that the Session commenced on October 14, 1957. Your Committee is informed that the cost of printing was \$52,600.

The Financial Administration Act requires that the Minister of Finance settle the 'form' of the Public Accounts, but long-established practice is that the book, especially the degree of particularization, be periodically discussed with the Public Accounts Committee. There has been no conference on the subject for several years, therefore it is suggested that the attention of the Minister of Finance be drawn to submissions recently made to this Committee, together with associated comments by Committee members, to the end that ministerial proposals for improving the Public Accounts may be considered when this Standing Committee is again organized.

Treatment of Service Receipts

Since the war the nature and scope of public spending have changed materially in that now many projects are highly technical, troublesome to assess and in value large sums. These making major demands on parliamentarians' time, a risk now is that examinations of estimates items will more and more be limited to those showing increases with the possibilities of economies in those that are static to a large extent ignored.

The Committee started but did not have opportunity to make an exhaustive review of current practices in computing vote amounts. Specifically, the problem is: whether the total of a vote providing for the performance of revenue services should be the net or gross amount; whether Parliament should vote all or only that part which will not be recovered by service charges. Obviously the latter will make departments more revenue-minded, although your Committee takes notice of possible administrative problems.

Practice in some countries and provinces takes one form and in others the opposite. Your Committee therefore maintains an open mind but is of opinion that the subject should be thoroughly explored because ever-expanding public activities correspondingly add to the responsibilities resting on Parliament when voting Supply. It is recommended that the Minister of Finance cause a review to be made of vote structures to provide for the needs of two servicing departments with some distinguishing characteristics in services provided in return for fees or charges—for example, the departments of Veterans Affairs and Secretary of State. It being a fact-finding study of administrative and parliamentary needs, it would be desirable were an officer of the Auditor General to participate.

A copy of the Committee's Minutes of Proceedings and Evidence is appended.

Alan Macnaughton,
Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, September 5, 1958.
(24)

The Standing Committee on Public Accounts met at 9:30 a.m. this day. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (*Carleton*), Bissonnette, Bourget, Bourque, Campbell (*Stormont*), Campeau, Carter, Cathers, Chambers, Chevrier, Crestohl, Doucett, Drysdale, Hales, Lambert, Macnaughton, Martel, McGee, Morissette, Morris, Morton, Nugent, Pickersgill, Pratt, Smith (*Calgary South*), Smith (*Simcoe North*), Spencer, Stewart, Villeneuve, Walker, and Winch. (32)

In attendance: Mr. Ernest Cormier, from Montreal; Mr. F. P. Varcoe, his counsel from Ottawa; *From the Department of Public Works:* Major General H. A. Young, Deputy Minister; Mr. J. O. Kemp, Contracts Division, Building Construction Branch; Mr. C. W. Watson, Mechanical Engineering Branch; Mr. J. M. Kennedy, Building and Research Installation Unit, Department of Agriculture.

The Committee resumed and concluded its examination of the construction of the National Printing Bureau in Hull.

The Chairman informed the Committee that he proposed to call a meeting of the committee later this day to consider *in camera* interim proposals to be incorporated in a report to the House.

Mr. John M. Kennedy, Mechanical Engineer, formerly of the Department of Public Works, was called.

Mr. Walker continued his questioning of Mr. Kennedy, in the course of which he referred to a letter from Mr. Cormier to Mr. Gardner dated August 15, 1955, dealing with a stand-by refrigeration unit. This letter with relevant information was marked EXHIBIT P-30.

Mr. Chevrier followed Mr. Walker and further examined the witness on his reports of October 21 and November 18, 1955, in respect of mechanical installations and on the air conditioning system. Mr. Chevrier referred to copies of Mr. Kennedy's reports tabled at the previous meeting and tabled photostat copies of the originals with marginal notes by Mr. Kennedy. These were marked EXHIBIT P-31 and P-32.

General Young was called to answer specific questions relating to practice in the Department of Public Works and Mr. Watson was also called to answer questions on the first tender called for a new compressor.

The witnesses were retired.

At 11:05, the Committee adjourned to the call of the Chair.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

MINUTES OF PROCEEDINGS

FRIDAY, September 5, 1958.
(25)

The Standing Committee on Public Accounts held an executive meeting this day *in camera* at 5.00 o'clock pursuant to notice. The Chairman, Mr. Alan Macnaughton, presided.

Members present: Messrs. Badanai, Bell (Carleton), Bissonnette, Bourget, Bourque, Campbell (Stormont), Campeau, Carter, Chambers, Crestohl, Dorion, Drysdale, Hales, Lambert, Macnaughton, Martel, McGee, Morissette, Morris, Morton, Nugent, Pickersgill, Smith (*Simcoe North*), Smith (*Winnipeg North*), Spencer, Stewart, Valade, Villeneuve, Walker and Winch. (30).

In attendance: Dr. Maurice Ollivier, Q.C., Parliamentary Counsel, House of Commons.

The Committee had for consideration a draft report emanating from the Steering Committee.

After discussion, the said draft report was then considered page by page, amended, and on motion of Mr. Morris, seconded by Mr. Morissette, adopted as amended on division.

Agreed:—That the Chairman present the said draft report as amended as the Committee's Third Report to the House.

On behalf of his colleagues, Mr. Lambert rose and commended the Chairman for having performed a difficult task in a perfect gentlemanly manner.

M. Dorion, parlant en français, a souligné, au nom de ses collègues de langue française, le sens de justice, d'impartialité et de bonne humeur dont le président a fait preuve au cours des délibérations du Comité. (See note).

Mr. Pickersgill agreed unreservedly with the observations of Messrs. Lambert and Dorion.

Mr. Winch also voiced his appreciation for the manner in which the Chairman carried out his responsibilities during all phases of the Committee's proceedings.

At 6.20 o'clock the Committee adjourned to the call of the Chair.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

NOTE: Mr. Dorion, speaking in French, on behalf of his French speaking colleagues, praised the sense of justice, the impartiality and the good humour which the Chairman displayed during the proceedings.

EVIDENCE

FRIDAY, September 5, 1958.

PUBLIC WORKS

The CHAIRMAN: Order gentlemen, I see a quorum.

I hope that later on this day we can meet perhaps *in camera* to consider various trials and tribulations. It has been suggested at perhaps 5 o'clock assuming that five to six is private members' hour. In any event, would you leave that to your steering committee to negotiate as well as they can to the mutual convenience of all the members.

Mr. Kennedy is the witness this morning, and Mr. Walker was continuing.

John Kennedy, (Chief of Buildings and Research Installation Unit, Department of Agriculture), called:

By Mr. Walker:

Q. Are you ready, Mr. Kennedy?—A. Yes.

Q. The preliminary estimate that you have submitted here yesterday totalling in all for air-conditioning and the other changes you are going to make amounts to \$800,000. Is that based on intent, or is that based on plans and specifications?—A. This is based on intent as there are no plans and specifications prepared for this work yet.

Q. What object did you have in mind when you prepared it under instructions?—A. This was only a preliminary estimate in order to get the money approved by treasury board.

Q. And were your instructions to keep it down as cheaply as possible?—A. That is correct, yes.

Q. I want to give Mr. Chevrier a lot of time to cross-examine you, so I am going to shorten this as much as possible. Can you produce Mr. Cormier's letter of August 15, 1955, addressed to the department, please?—A. What was the date of that again?

Q. August 15, 1955.

The CHAIRMAN: Are you producing this, or reading it into the record?

Mr. WALKER: I would like it read into the record.

Mr. PICKERSGILL: Is that the letter which was read yesterday?

Mr. WALKER: I do not think so. It was not produced yesterday.

By Mr. Walker:

Q. Is that correct—I did not bring it out yesterday?—A. No.

Mr. PICKERSGILL: I think it was.

By Mr. Walker:

Q. Just read it please, will you?—A.

August 15, 1955.

Mr. E. A. Gardner,
Chief Architect,
Department of Public Works,
Hunter Building,
Ottawa.

Dear Mr. Gardner:

*National Printing Bureau, Hull
Stand-by Refrigeration Unit*

At present the turbine-driven refrigeration unit is sufficient for the needs of the plant. But, in the case of repairs to this unit, there would be no means during this period of controlling the relative humidity of the ventilation system with consequent effects on the printing processes and paper storage.

To obviate this, a motor-driven stand-by refrigeration unit should be installed.

The general contractor, Concrete Construction Limited, has submitted a proposal amounting to

\$137,036.03.

This proposal, having been found fair and reasonable, is hereby recommended for acceptance.

Yours faithfully,

(signed) Ernest Cormier.

The CHAIRMAN: Are you producing this as an exhibit?

Mr. WALKER: Yes.

The CHAIRMAN: That will be Exhibit P-30. (Letter of August 15, 1955, from Mr. Cormier to Mr. Gardner, filed as Exhibit P-30.).

Mr. CHEVRIER: Could I see it after you have looked at it?

Mr. WALKER: Yes, certainly.

By Mr. Walker:

Q. Have you a copy of it?—A. Yes.

Q. Now, the second line says: "At present the turbine-driven Refrigeration unit is sufficient for the needs of the plant." That is August 15, 1955, and he is referring to the refrigeration unit producing 400 tons—that is the only one there is there?—A. Yes, that is the turbine-driven refrigeration unit.

Q. And at that time in 1955 he said it was sufficient for the needs of the plant. Your evidence was that it was one-third of the amount required? —A. Yes, our calculations make it one-third.

Q. And to bring it down to a comfort area would be one-quarter of the amount required, correct?—A. Yes, to bring it down to 76 degrees and 43 per cent relative humidity.

Q. In other words, your proposal is to install a 1,200 ton capacity to get it down to 80 and 55, and if you are getting it down to the comfort area of 76 and 43, you would install 1,600 tons?—A. Yes.

Q. But your present proposal which will come close to \$800,000 is to bring it down to what—to 80 and 55?—A. No, we are proposing to bring the whole plant down to 76 and 43.

Q. Thank you very much—

Mr. PICKERSGILL: Mr. Walker, would you permit me to ask one question for clarification?

Mr. WALKER: Certainly.

Mr. PICKERSGILL: I wonder if Mr. Kennedy could tell us when those calculations were made that Mr. Walker referred to?

Mr. WALKER: Mr. Cormier's calculations?

Mr. PICKERSGILL: No, Mr. Kennedy's calculations that three times the capacity was required.

The WITNESS: I made the original calculations over a year ago, and since then Mr. Watson has been delving into the printing bureau and he has verified my calculations, and he has his own calculations.

By Mr. Pickersgill:

Q. But no calculation was made in 1955 or 1956?—A. No.

Mr. WALKER: Because Mr. Cormier was still on the job, is that correct?

Mr. PICKERSGILL: Not in 1956.

By Mr. Walker:

Q. Was your calculation also gone into by Mr. O. G. Moffatt, the great expert in air-conditioning?—A. Yes.

Q. Mr. Cormier then says this is enough, but he does not suggest a stand-by refrigeration unit. What is a stand-by unit for? In case of repairs, he says, to the existing unit. Is that correct?—A. Yes, usually you install a stand-by in case the existing unit breaks down.

Q. And that is what this letter does state, is it not? Would you like to see the letter again?—A. No, I have it right here. Yes, I believe it does.

Q. At page 417 of Mr. Cormier's evidence he states—and this is the second paragraph from the bottom—

My design was two units of 400 tons refrigeration, that makes 800. But due to the uncertainty of public tenders, I was ordered by the deputy minister to eliminate from the first tender all that I could do without. So that my stand-by was eliminated. All the piping is prepared for it, and the space is available for it. That is one thing.

From the evidence which you gave yesterday following your investigation did you find any piping prepared for it?—A. There is no piping prepared.

Q. Did you find anything prepared except the space in the bottom of the building?—A. No, there is a space between the existing compressor and the engineer's office where a second refrigeration unit could be installed.

Q. At page 418 Mr. Winch asked him a question:

Q. Could I ask you this then: Is the reported failure of the air conditioning now because you were not allowed to put in the two units, you were only allowed to put one?—A. Yes.

The CHAIRMAN: What page is that?

Mr. WALKER: Page 418.

By Mr. Walker:

Q. Then the fourth question:

Q. Are you saying that is the reason it failed?—A. Yes.

In that event that is entirely different from the letter, is it not Mr. Kennedy?—A. You are asking me to make an opinion. I think that is up to the committee to make an opinion.

Q. I think you are quite right; thank you. Page 420, second question:

Q. Did you consider that a second machine was not essential to the proper functioning of the bureau?—A. No, there was the danger of a breakdown.

All right, now, we will leave that.

Would you be good enough to show me the estimate enclosed in Mr. Cormier's letter of August 15, 1955, for what he has described as the stand-by unit?—A. Yes.

Q. Have you got a copy of it?—A. Yes.

Q. Now, this is an estimate dated February 18, 1954, addressed to Mr. Cormier from the Concrete Construction Limited, Jules Torelli, president, for a 400-ton electric driven refrigeration compressor, and the amount is \$137,036.03, is that correct?

The CHAIRMAN: Would you give us the date of that letter again?

Mr. WALKER: Yes, February 23, 1954.

By Mr. Walker:

Q. Is that correct, Mr. Kennedy?—A. Yes.

Q. And it breaks it down in this way on the next page—additional work to install and supply one 400-ton electric driven refrigeration compressor charged by John Colford Contracting Company Limited, as per breakdown, tender attached, \$124,578.21. Then, the next item is—plus 10 per cent overhead and profit \$12,457.82, making a total of \$137,036.03. To show how the sum of \$137,000-odd is arrived at, the total cost originally from Colford who is supplying it—he was the electrical man, was he not?—A. He was the mechanical sub-contractor.

Q. Excuse me, he was the mechanical sub-contractor. That is to be found in the details here. His total cost without his profit is \$99,833.37? A. \$99,838.37.

Q. Yes, thank you, \$99,838.37.

The CHAIRMAN: That includes two per cent tax?

Mr. WALKER: That is quite right.

By Mr. Walker:

Q. Then he added 10 per cent for overhead and profit. I want to show how the original cost comes up to \$137,000. He puts on 10 per cent for overhead and profit amounting to \$9,983.54, making a total of \$109,822.21. Then the electrical work in the amount of \$14,756 makes a total of \$124,578.21. Then Torelli obtains the tender for Colford, on which has been added 10 per cent, and he adds his 10 per cent on top of that, does he not?—A. Yes.

Mr. CHEVRIER: May I ask a question at this time, Mr. Walker?

Mr. WALKER: Yes, certainly.

By Mr. Chevrier:

Q. Was this ever accepted by the department?—A. No, it was not.

Q. This was turned down? A.—Yes.

By Mr. Walker:

Q. Then another 10 per cent is to be added on by Concrete Construction Limited. I presume that of that total sum, amounting to \$137,000-odd, under the terms of the contract, Mr. Cormier would add on another five per cent, is that correct?—A. He is entitled to five per cent, yes.

Q. So there is a total profit of more than 25 per cent as a result of three people cutting in on it, is that correct?

Mr. CHEVRIER: Does it make any difference?

The WITNESS: I do not know whether—

Mr. CHEVRIER: Does it make any difference in view of the fact that it was not accepted by the department?

By Mr. Walker:

Q. In regard to extras on any contract, is this the regular procedure?—A. This is the regular procedure. This is why all extras to contracts are frowned upon by the department.

Q. That is the reason why all extras on contracts are frowned upon by the department, because there is 10 per cent added by the sub-contractor, 10 per cent added by the general contractor, and five per cent added by Mr. Cormier—excuse me, I do not mean Mr. Cormier, but rather the architect, whoever he may be?—A. That is right, and on top of that—

Mr. WALKER: We do not want to be personal.

The CHAIRMAN: Let us strike it from the record then.

Mr. WALKER: Now, at this stage, Mr. Cormier, you and I had a very pleasant cross-examination. Did you ever have any complaint about my courtesy toward you at any time?

Mr. CORMIER: No, I do not complain.

Mr. WALKER: I beg your pardon?

Mr. CORMIER: I do not complain.

Mr. CHEVRIER: He is a good soldier.

Mr. NUGENT: Mr. Chairman, the witness gave part of an answer which was interrupted by Mr. Walker. I wonder if we could hear all of his answer?

Mr. WALKER: Certainly.

The WITNESS: I mentioned that on top of the profit, the estimate by the sub-contractor is not a competitive bid.

By Mr. Walker:

Q. Thank you. So that in regard to these extras, there is no tender called so as to have competitive tenders?—A. No.

Q. There are no competitive prices available either?—A. Well, the prices are usually checked from the invoices of the materials to see if the prices coincide with what is fair and reasonable.

Q. Yes. I am simply taking that illustration because we have hundreds and thousands of dollars—I do not know what it is—in extras, just to indicate how these things are treated. I want to pass this over to Mr. Chevrier as quickly as possible so—

Mr. PICKERSGILL: Mr. Walker, would you permit me to ask a question or two at this point?

Mr. WALKER: Yes.

By Mr. Pickersgill:

Q. The answers which you have just given, Mr. Kennedy, still apply? That is still the practice of the department?—A. To accept—

Q. Those general answers with respect to the extras to contracts—

The CHAIRMAN: You mean the procedure?

By Mr. Pickersgill:

Q. The procedure, yes.—A. Yes.

Q. It still applies?—A. Yes.

Mr. PICKERSGILL: Thank you.

By Mr. Walker:

Q. General Young told us the other day that in order to avoid these extras they give a complete contract to one contractor who is responsible for the whole job. Is one of the reasons for doing that to avoid these extras?

Mr. CHEVRIER: Well, does he know that?

Mr. WALKER: I think so. He is the mechanic.

Mr. PICKERSGILL: He is no longer an employee of the department.

Mr. WALKER: A great many of these extras, Mr. Chevrier, come under the mechanical department.

Mr. CRESTOHL: Ask him to give the reasons, do not tell him.

Mr. WALKER: That is right.

Mr. CRESTOHL: Ask him.

Mr. PICKERSGILL: Since the witness is no longer an employee of the Department of Public Works I wonder if this is really a proper question to ask him. I think it is a proper question to ask General Young.

Mr. MORTON: You could ask him whether that was the general practice.

Mr. WALKER: What is the answer to that question, General Young? The question is this: in view of the great many—I do not want to exaggerate—extras in regard to this present Hull printing bureau, the change in your policy of having one contractor do the over-all job, responsible to the architect, or responsible to your department if there is not a special architect appointed; was one of the reasons for doing that to avoid having these non-competitive prices on extras?

Mr. YOUNG: That is correct.

Mr. WALKER: And to avoid all these profits added on by these people?

Mr. YOUNG: We have one project tidied into one contract.

Mr. WALKER: Yes, and in that way you avoid the lack of competition because you always, so far as you know, have competitive bids?

Mr. YOUNG: That is right.

The CHAIRMAN: Did you institute that procedure?

Mr. YOUNG: Yes.

Mr. PICKERSGILL: I wonder if, in order to clarify this, Mr. Walker, I could be permitted to ask a question at this point?

The CHAIRMAN: Just a minute, I asked the witness a question.

Did you institute that procedure?

Mr. YOUNG: The procedure generally was that there was one contract, apart from excavation and sometimes demolition. What we have tidied into this is demolition, and we try to have our plans and specifications complete. The planning vote was introduced in order to tidy it up. We have this planning vote and we acquire the land, and have complete plans and specifications and a proper estimate made before we start to work on a project.

Mr. PICKERSGILL: My question to General Young is, has it been the invariable practice, since you became the deputy minister, to call one single tender for a whole project?

Mr. YOUNG: That is the practice.

Mr. PICKERSGILL: No, the invariable practice?

Mr. YOUNG: The invariable practice.

Mr. PICKERSGILL: There is no exception to that?

Mr. YOUNG: I cannot think of an exception at this time. There may have been special cases of smaller projects—wharfs for instance—where it is very difficult to get your plans and specifications. You take off the top and you find that things are much worse. So, I cannot say that as a positive rule we never have. However, as a general rule it is true.

Mr. PICKERSGILL: I understand that.

Mr. YOUNG: Having regard to new structures it is the rule.

Mr. CRESTOHL: When changes or extras are required by this one contractor, do you then call for competitive bids, or do you let this one contractor carry out the changes or extras at an agreed price?

Mr. YOUNG: The contractor is on the job and it is almost impractical to have another contractor come in.

Mr. CRESTOHL: You do it by negotiating the prices?

Mr. YOUNG: By negotiating the prices. We try to keep these, as I say, to the very minimum and try to have our plans and specifications as complete as possible before we let the tenders.

Mr. WALKER: Carrying on with Mr. Pickersgill's question and going further, my friend Mr. Cormier stated that the advantage of having five or six contracts instead of an over-all contract is that it would save on the whole job approximately 10 per cent. What have you to say as to that?

Mr. YOUNG: I am afraid I do not agree with that.

Mr. WALKER: Why?

Mr. YOUNG: If you call for separate tenders that means you have to provide supervision for that part, and that supervision could possibly well exceed the five to ten per cent that the contractor charges for supervision.

Mr. WALKER: Yes.

Mr. YOUNG: So you have to pay that supervision.

Mr. WALKER: Yes.

Mr. YOUNG: If you have separate contractors working on the job, then the department is responsible for that individual supervision.

Mr. WALKER: Yes.

Mr. YOUNG: Therefore you get into trouble with the various sub-contractors and you need a co-ordinating head.

In my opinion, and I am firmly of the view, it is most economical and tidier to have one general contractor, and then you have only one person to deal with.

Mr. CHEVRIER: General Young, is it not a fact that other departments do not agree with that statement which you have just made, and that they have divided contracts for major projects into several sub-contracts?

Mr. YOUNG: I am afraid I cannot speak for other departments. I think in general, as far as I know as a result of our meetings, this is the practice. There may be exceptions. However, as I said, I cannot speak for other departments.

Mr. CHEVRIER: Do you not know that in the case of the Dorval airport and the Uplands airport that the contract for that project at Montreal was split into five different contracts and at Uplands into—

Mr. YOUNG: I am not familiar with that at all.

Mr. CHEVRIER: Were you not in the house when the minister made the statement the other day?

Mr. WALKER: It would be only hearsay.

Mr. CHEVRIER: Not if he was there.

Mr. YOUNG: I do not know.

The CHAIRMAN: If you refer to my question to the minister, you will get the answer.

Mr. WALKER: We will raise it as a general question. You can raise it with the honourable Mr. George Hees. Is it his department?

Mr. CHEVRIER: I did raise the question, and the Montreal airport was divided into five contracts, the same as the printing bureau. As a matter of fact he gave the subheads.

Mr. WALKER: I cannot comment, because I do not know anything about Uplands.

Mr. McGEE: Are you comparing the South Saskatchewan dam to the printing bureau basement?

Mr. PICKERSGILL: There is lots of water.

By Mr. Walker:

Q. I understand they object to it, not to its being called a stream but being called a fishing stream. Mr. Powers had certain specifications about which we have heard a great deal from Mr. Cormier. He was the specialist in installation of air conditioning. Is there anything in this big black book of several hundred pages about air conditioning?—A. Yes. There is one article on air conditioning; article 44.

Q. Would you read it into the record. This would be what Mr. Cormier had to guide him, in respect of air conditioning, from Mr. Powers.—A. That appears to be all there is in this book. Article 44:

Air conditioning of the printing bureau. All floors of the new printing bureau are to be air conditioned to provide 55 degrees humidity in press rooms and binderies at 80 degrees.

Q. Is that all there is? What does that mean: press room and binderies?—A. This appears to be a little ambiguous. It mentions degrees for humidity and at the end of the sentence it has "in the press rooms and binderies at 80 degrees". I do not know whether that refers to a temperature specific to the press rooms and binderies, or just what is meant.

Q. So far as Mr. Cormier is concerned, he did not have much direction from Mr. Powers.

Mr. CHEVRIER: Now, Mr. Walker, the witness has already read what is in there.

Mr. WALKER: Having regard to Mr. Powers, we find that seventeen suggestions of his were refused by Mr. Cormier. Was there any necessity for Mr. Cormier to accept his suggestions when he is the consulting architect in charge of the whole project?

Mr. PICKERSGILL: Surely that is a matter of opinion.

The WITNESS: I think that would be a matter of policy. I would say that the architect would be responsible for checking these conditions to see if they were adaptable to this type of climate.

By Mr. Walker:

Q. Rather than the climate in the United States? Is that correct?—A. Yes; although I doubt that even in the southern United States that they could work under conditions of 80 degrees and 55 per cent relative humidity.

Q. Do you have Mr. Cormier's terms and conditions of his appointment? I saw it somewhere. Here it is; page 506 of the evidence. Have you a copy of the evidence?

The CHAIRMAN: Yes.

Mr. WALKER: This is the terms and conditions for the appointment of Mr. Ernest Cormier. I refer to paragraph 1, clause (g):

The provision, on the completion of the work, of a complete set of linen-backed blue prints of all floor plans, elevations and sections showing all architectural, structural, mechanical, and electrical work revised and brought completely up to date. The original drawings,

tracings, prints, reports, records of construction and all information pertaining to the project shall at all times be available for inspection by officers of the Department of Public Works.

Have you ever received from Mr. Cormier a complete set of blueprints of all floor plans, elevations and sections showing all architectural, structural, mechanical and electrical work revised and brought completely up to date?

Mr. CRESTOHL: Mr. Chairman, this witness is not speaking for the Department of Public Works.

Mr. WALKER: I will ask the question of General Young.

Mr. YOUNG: No; not from what I have been able to find out.

Mr. CHEVRIER: Had you ever asked for one?

Mr. YOUNG: I have asked within the department.

Mr. CHEVRIER: Have you ever asked Mr. Cormier?

Mr. YOUNG: I have never asked him. I asked the chief architect if he received them.

Mr. WALKER: That is all; thank you, Mr. Chevrier.

Mr. CHEVRIER: Thank you.

Mr. WALKER: I should, in fairness, say that on these defects and deficiencies I could take two or three days, but in order that you may cross-examine the witness, I am surrendering.

Mr. CHEVRIER: Thank you very much.

By Mr. Chevrier:

Q. You stated earlier that you came to the Department of Public Works in 1955?—A. No. I said I went over to the printing bureau in 1955.

Q. When did you first come to the Department of Public Works?—A. 1950.

Q. And you remained there for what period of time before going to the Department of Agriculture.—A. Until November 1, 1957.

Q. So that you were there for a period of, roughly speaking, seven years; is that right?—A. Yes; about seven and a half years.

Q. What was your job during the time you were there?—A. Employed as mechanical engineer, and in the latter part of my stay, in the Department of Public Works, I was assistant to the supervising mechanical engineer.

Q. Were you the head of your division?—A. No.

Q. Who was?—A. Mr. Wild.

Q. And you reported to Mr. Wild?—A. Yes.

Q. Before you came to the department in 1950 where were you? What were your activities?—A. In 1950 I graduated from the University of Toronto.

Q. As a mechanical engineer?—A. Yes.

Q. And what length of time does it take to obtain a certificate of mechanical engineering at the university of Toronto?—A. Four years.

Mr. SMITH (Simcoe North): It is not a certificate; it is a degree.

By Mr. Chevrier:

Q. I am sorry. Are you a civil engineer?—A. No. I am a mechanical engineer.

Q. Do you hold any other degrees or certificates in any branch of science other than mechanical engineering?—A. No.

Q. I asked you about your graduation from the University of Toronto as a mechanical engineer. What year was that?—A. 1950.

Q. Did you have any experience in the field of mechanical engineering before you arrived at the Department of Public Works?—A. No; not what you would call mechanical engineering because until you graduate you cannot call yourself an engineer.

Q. So that the experience you obtained as a mechanical engineer all was obtained in the Department of Public Works together with the additional experience you had in the Department of Agriculture.—A. Yes.

Q. Did you ever prepare by yourself any designs in the Department of Public Works?—A. Oh, yes.

Q. What, for instance; would you enumerate some of them?—A. I would say there are quite a number of public buildings I prepared mechanical designs and specifications for, as well as a large number of Department of Agriculture laboratories.

Q. Would you mind if I were to ask you your age?—A. Thirty eight.

Q. You say you are thirty eight years of age; and following your graduation you had seven years of experience as a mechanical engineer in the Department of Public Works, and an additional one year in the Department of Agriculture?—A. Yes. During the time I was in the Department of Agriculture I was seconded to the Department of Public Works to do the design of another Department of Agriculture laboratory, and to negotiate with the city of Fredericton concerning a water supply main.

Q. You put in the evidence yesterday two reports which you made. One was prepared on October 21, 1955, and the other was prepared on November 18, 1955.

First, dealing with the mechanical installation in the powerhouse, there is a memorandum addressed to Mr. Wild on certain defects—as Mr. Walker called them—or deficiencies, or uncompleted works in the contract for the printing bureau. Is that correct?—A. Yes.

Q. Am I right in stating that this is common practice in the Department of Public Works in a major contract? A.—It is now. Yes.

Q. It is a fact that the mechanical engineer, before the building is finally delivered, checks on any defects or substances or uncompleted works that take place?—A. Yes, that is part of our duty. They have an acceptance board in the Department of Public Works. When an architect claims that a building is completed, they hold an acceptance board which includes an electrical engineer, a mechanical engineer and an architect from the Department of Public Works, and they go to the building and inspect it to see if, in their opinion, it has been constructed in accordance with the plans and specifications; and if so, they sign the acceptance for the department.

Q. This is the usual practice followed with respect to all public projects now in the Department of Public Works. There is nothing abnormal about the preparation of a report such as this, listing defects or deficiencies in a contract? —A. No.

Q. And in the case of your dealings with these deficiencies, you visited Mr. Cormier in Montreal?—A. Yes, I made three visits to Montreal.

Q. From time to time did you have dealings with respect to the report number one of October, 1955?—A. The visits I had dealt with both reports.

Q. They were not separated as to each report?—A. No.

Q. These visits were in his office, and there was present also Mr. George Colford. Was Mr. George Colford present during the course of these interviews? Was anybody else present? —A. Yes. Mr. Torelli, the general contractor was always present, and his engineer, Mr. Ravary was present, I believe.

I do not recall Mr. John Colford, or Mr. George Colford, being present, but they may, at one time, been present.

Q. There were three discussions concerning these reports in Mr. Cormier's office in Montreal, the object of which was to straighten out complaints or defects which you reported to Mr. Wild, your supervisor?—A. Yes.

Q. And as a result of these discussions and interviews, the defects were corrected?—A. That is right. After each interview we would have another discussion with Mr. Colford, and he would do the additional work that he thought he was obliged to do. It was just a whittling down of the defects.

Q. That is right. If there were some things that Mr. Colford thought he should not do, you would insist that he do them; and in the result—while I do not want to go over them all, as Mr. Walker suggests—in the result the defects were rectified to your satisfaction?—A. To the satisfaction of the department. The defects which could not be resolved then were resolved later at a meeting held in the board room at the Hunter building on June 28, 1956.

Q. In the course of these discussions, it was decided, was it not, either in Mr. Cormier's office or at the department in Ottawa, to retain from Mr. Colford's contract, the payment of the sum of \$25,000 until certain things were rectified?—A. I believe General Young could answer that question.

Q. You are aware that that was the case, are you not?—A. I was aware that they held back money, but I was not aware of the reasons.

Q. Were you aware of the fact that they finally paid that money?—A. Yes. They have paid it.

Q. Would that not indicate that all the defects—those contained in reports numbers one and two, were finally rectified to the satisfaction of the department?—A. Yes, I would say that is correct.

Q. On these reports—if you will take a look at this one, for instance—you have written notes.

Mr. BELL (Carleton): Which one is that?

By Mr. Chevrier:

Q. That is the report of October, 1955. There are notes on the margin indicating the disposition of each one of the items about which you reported. Are these notes in the margin written in your own handwriting?—A. These notes were written by me on a copy of the report which Mr. Wild had.

Yesterday the original copy would not duplicate to the satisfaction of the Department of Public Works; so they took Mr. Wild's copy of it; this is the copy, and they duplicated this.

These are personal notes from myself to Mr. Wild.

Mr. WALKER: May we have a copy of that?

By Mr. Chevrier:

Q. In the exhibit filed yesterday—the exhibit which you filed yesterday—did these marginal notes appear?—A. No, they did not appear.

Q. Then I think it would be proper, Mr. Chairman, if at this time we were to put in, as an exhibit, the letter or the report of October 21, 1955 from Mr. Kennedy, the mechanical engineer of the Department of Public Works to Mr. Wild on the inspection concerning the mechanical installation in the powerhouse and which contains the notes made by Mr. Kennedy in the margin on the 29 items contained in the report. I think there are 29 items.

The CHAIRMAN: That will be exhibit P-31.

By Mr. Walker:

Q. I have no objection. I take it that these notes were made some time after you submitted the original of the report to Mr. Wild?—A. That is right. These were personal notes concerning the disposition of the various items.

By Mr. Chevrier:

Q. These were notes which you made following the discussions with Mr. Cormier, Mr. Torelli or with anyone else, in order to rectify the situations of which you complained?

A. That is correct. However, these notes are not on the copy in the main file of the Department of Public Works.

Q. I realize that. May I have back that document. I am not through with it yet.

Mr. WALKER: Certainly.

By Mr. Chevrier:

Q. On the margin, for instance, there appears opposite water treatment No. 1, "Contractor to repair".

Opposite exhaust heads, there is the note "accepted".

Opposite No. 3, diesel exhausts, it says "approved by Mr. Cormier", and so on down the line. I do not want to go into it at too great length; but opposite each item, indicating your concern for each one, there is your personal note indicating that the matter was disposed of satisfactorily either by the contractor looking after it, or by Mr. Cormier giving it his attention, or the company agreeing to repair the item.—A. Yes, but not necessarily to the satisfaction of the department. If one of these items had been approved by Mr. Cormier who was the architect employed by the Department of Public Works, it was a matter of policy whether we should actually accept it. He as an architect, was one of our employees; but that does not necessarily mean that we agree with what he accepts.

Q. You say not necessarily to the satisfaction of the department, although the department paid the Colford company in full?—A. Yes, but it may be in accordance with what was shown on the plans and specifications, and in that case we had no authority to withhold any money from the contractor.

Q. Now, I do not want to spend too much time on this, but I suppose that the report of November 18, 1955 is in the same category as the other; it deals with the inspection on mechanical installations only as opposed to a powerhouse installation of the report of October, 1955?—A. Yes, although there may be some powerhouse items listed on this report. I would not say it dealt specifically with the main building.

Q. I think that is a perfectly fair answer, but with this also appears the marginal notes which you have put alongside each one of these items in the report indicating that either the contractor would repair the same or that some method was found to correct or rectify the error. For instance, if you look at No. 2 "stoker operations"—corrected. That had already been corrected; is that correct?—A. Yes.

Q. If you look at No. 4 "scale pockets", your note states "contractor to install this deficiency", and at another one it is stated "saddles"—No. 5—not specified; so I think I can apply the same questions, without going over them, to your report of November 18. This was a report to your supervisor, Mr. Wild, of the deficiencies, if I may so call them, at the printing bureau?—A. Yes.

Q. And they were rectified after conversation with the persons involved?—A. Yes.

Q. Mr. Cormier and Mr. Colford?—A. It is fair to say that.

Q. Now, could I come quickly to the question of boilers? You made some statements about boilers yesterday. There are four boilers for the printing bureau, are there not?—A. Yes.

Q. Did you know one of them was a standby?—A. Actually three of them could be standbys.

Q. Yes, and two of them—did Mr. Cormier not tell you that two of them were provided for future expansion of the printing bureau?—A. There is actual capacity there to supply three buildings the size of the printing bureau.

Mr. WALKER: Three buildings?

By Mr. Chevrier:

Q. Yes, that could be, too; did Mr. Cormier not tell you that two of them were provided for expansion of the building?—A. Well, I can think of no other reason why they would be put in there other than that.

Q. Other than expansion?—A. Yes, by some means, one way or another, although I do not know whether the department is actually going to expand in that area.

Q. Well, may I ask this question: is it not a fact that the installation which is there now concerning boilers was made or could be made to supply steam to other buildings which could be put up on the site?—A. Oh yes; it is actually a central heating plant.

Q. May I draw your attention to clause 11 of your report of the 21st of October entitled "deaerator tank", and does clause 6 of this item "deaerator tank" not indicate that the tank is not sufficient for more than two boilers? Perhaps I had better read it. Clause 11 of the report of October 21, 1955 entitled "deaerator tank", subclause (a):

(a) It is customary to have one hour's supply of deaerated water in storage, however, the original specifications were amended by Addenda No. 2 to read—"Section 26". The deaerator shall have a capacity sufficient for 20 minutes (instead of the 6000 U.S. gallons specified). Assuming a peak steam load of 50,000 pounds per hour, the storage capacity should be approximately 2000 gallons for 20 minutes. The existing deaerator tank has a storage capacity of approximately 1000 gallons or only 10 minutes instead of 20 minutes capacity as specified.

Does that clause not indicate the tank is not sufficient for more than two boilers?—A. That is correct.

Q. In other words, at most, two boilers only were to operate?—A. According to this, only two boilers could operate.

Q. What was that answer again?—A. According to this, only two boilers could operate at one time on the existing installation.

Q. Well then, why did you say that four boilers were in continual operation?—A. I did not say that four boilers were in continual operation.

Q. Well, I understood yesterday, and if I misunderstood you, you will correct me, but I understood you to say yesterday that there were four boilers in continual operation. Am I wrong in that interpretation?—A. Where would the steam go? You have 100,000 pounds of steam and only need 13,000 pounds. You could not use the four boilers.

Q. Is it not a fact that these boilers are set up in such a way that they alternate and while one is in use, two or three others may not be in use?—A. Yes.

Q. Well, does not the clause which I have referred to here indicate that the tank was not sufficient for more than two boilers?—A. This particular tank here is not sufficient for more than two boilers, but the boilers had a capacity of 100,000 pounds, a total capacity, and that is what I said yesterday.

Q. Now, may I go on to the question of the ash conveyors. You indicated to Mr. Walker yesterday there were two systems, a wet system and a dry system of ash conveyors?—A. Yes.

Q. Is it not rather that the two systems could also be called, or rather more appropriately be called, a steam jet system, as compared with a vacuum system?—A. Yes, that is right.

Q. Well, do you think—let me put it this way: do you not think that the steam jet conveyor has many advantages over the vacuum system?—A. No.

Q. Well, there are no moving parts to maintain, is not that a fact?—A. That is a fact, but the Department of Public Works have dry ash systems in all their buildings; that must indicate something.

Q. Well, in the steam jet conveyor there is no lubrication.—A. No, but the nozzles have worn out on that steam jet over there already.

Q. Is it not also a fact that the vacuum system is more dangerous for fire than the steam jet conveyor?—A. I do not think so, no.

Q. Well, would you say this: would you admit this, that it is a matter of opinion?—A. Yes, it is a matter of opinion.

Q. It is a matter of opinion. Did you know, Mr. Kennedy, that the contractor, the Concrete Construction Limited operated this system for two years without any trouble whatsoever?—A. I also know—

Q. Would you answer the question and add what you want afterwards, if you will? Did you know that the contractor operated the system for two years without any trouble?—A. No, I did not.

Q. You did not know that?—A. Wait a moment; I want to finish. Because they had an ash truck in the basement of the powerhouse and they were loading ashes into it. If they had no trouble, why would they be doing that?

Q. Did the contractor ever complain to you about any trouble with the system?—A. Yes, they did have trouble.

Mr. WALKER: Why would they not?

Mr. CHEVRIER: That was his business as mechanical engineer. He is there to look after the defects.

The WITNESS: The contractor did have trouble with that system because he installed copper coils around the gates of the ash bins.

By Mr. Chevrier:

Q. He did what?—A. He installed copper steam coils around the gates of the ash bins to keep them from freezing; so if he did not have any trouble he would never have installed them.

Q. In any event he did not complain to you about any defects himself?—A. Well, he was trying to pass the job on to the department. Why should he complain?

Q. You were there to see that he did not pass that on, that work, and that was the object of these reports?—A. To the best of my ability, yes.

Q. And you apparently did a very good job, too, because you succeeded in having him correct most of the defects—all of the defects complained of in the two reports?—A. There are two answers to that, yes and no, but I think the department was agreeable to the final solutions of those two reports, yes.

Q. Now, did you look at the plans and the specifications for contract number 6 concerning the location for the sewer pipe and the water pipe for the powerhouse?—A. Yes, I have gone over them.

Q. Does there not appear on those drawings a corridor or location for the spot where those pipes should be placed by the contractor?—A. There are two corridors, one adjacent to the chilled water tank, and another adjacent to the domestic water tank. Yes, there are corridors.

Q. There are corridors on the plan indicating to the contractor where those pipes could go, and apparently what the contractor did was to put one pipe above the other, which he should not have done as you indicated yesterday. Let me put it this way—he put the sewer pipe above the water pipe—he put the soil pipe above the water reservoir?—A. Yes, that is correct.

Q. That was one of the things you discussed with Mr. Cormier?—A. That is right, yes.

Q. Was it not a fact that the bacterial count of the health department, that idea was arrived at between you and Mr. Cormier to compel the contractor to relocate the soil pipe?—A. No, I do not say it was between Mr. Cormier and myself. In actual fact the bacteria was increasing in the water tank.

Q. Yes, you said that in evidence yesterday; but the point I am making now is, was it not as a result of the discussion that the both of you had that the matter was suggested to the Department of Health?—A. I do not know what you are getting at by questioning on this, but the chief engineer submitted samples of all water periodically to the Department of Health for testing. This defect was taken up with Mr. Cormier, and he approached Mr. Colford to change the location of these lines. Mr. Colford refused, stating that Mr. Cormier's clerk of works on the job had approved the installation of these pipes around the water tanks. He should have indicated his disapproval before the sewer pipes were installed. That was the time he should have disapproved of it.

Q. Did either of your reports make any reference to this defect?—A. Yes, the report does have reference to the sewer line being above the water tanks.

Q. Which one, the November one or the October one?—A. That will be the November one.

Q. And as a result of these complaints and discussions, the matter was rectified?—A. Yes, it was rectified.

Q. So that today on the job the soil pipe and the tanks are in their proper positions, the pipes going through the garage?—A. No, they are not going through the garage.

Q. Well, how do they go?—A. They are going down the corridor and coming out under the parking lot to, I think, an 18 inch sewer that dumps into Brewery Creek.

Q. Was any money withheld from Mr. Colford's contract on account of this?—A. I do not think it was withheld on account of this one item only, no.

Q. You think it was on account of the whole matter?—A. Yes.

Q. Now, Mr. Kennedy, can I ask you this: How do you arrive at the cost ped day of \$740 for the refrigeration turbine that you referred to yesterday?—A. The turbine requires approximately 22,000 pounds of steam per hour, and the charge that the department has established for steam is \$1.40 a thousand pounds.

Q. Is that what the cost of a pound of steam is? Do you know what the cost of a pound of steam is?—A. The department has established this. I think Mr. Wild will correct me on this. The cost is approximately \$1.40 for a thousand pounds. If a contractor wants to buy steam the charge to him is \$1.85.

Q. How do you compute the water rate of the turbine?—A. All the exhaust steam goes to the atmosphere from the turbine in the summer time.

Q. What is the cost of the horsepower for that electric motor that was referred to yesterday to replace the turbine?—A. It would take approximately a 500 horse-power motor to run the turbine to get a brake horse-power of 400 horse-power. This was calculated at eight cents a kilowatt for a cost of \$73.

Mr. WALKER: It is .8 is it not?

The WITNESS: .8, I am sorry.

This information was taken from the actual bills we have been paying over there for the last several months. From May 25 to June 24 of this year. There is a demand factor over there of \$2,400 kilowatt hours. For that period of time the total consumption was 1,176,000 kilowatt hours and the cost to the department was \$9,720. That represents about .82 cents a kilowatt hour.

By Mr. Chevrier:

Q. When did you figure this out? When was this calculation made?—A. This was obtained from Mr. Sterling of the electrical section.

Q. Is he an officer of the Department of Public Work?—A. Yes.

Q. Now, may I come to the question of air-conditioning?—A. I think I might add here that it is very difficult to determine what the cost will be over there if an additional motor of this size were installed, because we are at the demand peak right now. We would have to re-negotiate another contract with Gatineau Power. At the present time the rates are: the service charge is 50 cents per kilowatt hour for demand, and then for the first 24,000 kilowatts hours a month there is no charge; for the next 216,000 kilowatts we pay 2.1 cents per kilowatt hour; for the next 240,000 we pay .5 and the balance at .4, so the actual charge that we may have to pay may be considerably less than what I have here, which is \$73.

Q. Well, can we—time is moving fast—can we discuss for a moment, air-conditioning?

Some hon. MEMBERS: Hear, hear.

Mr. CHEVRIER: I am enjoying this as much as your are.

An hon. MEMBER: You are not smiling.

By Mr. Chevrier:

Q. Mr. Kennedy, may I ask you what your experience in the field of air-conditioning?

Mr. WINCH: Mr. Chairman, just before we get off the steam, I would like to ask Mr. Chevrier—

Mr. WALKER: We have been on that for five weeks.

Mr. WINCH: I would like to ask Mr. Chevrier if he would ask a question in regard to something that has been puzzling me? I want to know how that steam got into the toilet system. Could we have some information as to how it got in?

Mr. CAMPBELL (Stormont): Mr. Cormier should be asked that question.

Mr. CORMIER: I can answer right away, if you wish me to.

Mr. CHEVRIER: Go ahead.

Mr. CORMIER: Do you not know that the blow-down tanks are made purposely to avoid steam being evacuated in the soil or sewer pipes? That is the purpose of the blow-down tanks.

The WITNESS: Yes.

Mr. CORMIER: That is the purpose, and if properly operated there would be no steam in the soil pipe.

Mr. WALKER: Just a minute; you gave evidence for ten days here.

Mr. CORMIER: I am answering Mr. Chevrier.

Mr. CRESTOHL: He was asked.

Mr. CORMIER: I was asked to do it.

Mr. MURPHY: He asked the witness the question.

Mr. WALKER: He is asking the witness a question.

Mr. CHEVRIER: Mr. Chairman, it has been drawn to my attention that I have not put in evidence what I had intended, and that is a report of November 18, 1955 with marginal notes. I would like to do it now.

The CHAIRMAN: That is Exhibit P-32.

Mr. STEWART: Is it not P-33?

The CHAIRMAN: It is Exhibit P-32.

By Mr. Chevrier:

Q. I would like to ask you, Mr. Kennedy, if you would tell the committee what your experience is in the field of air-conditioning.—A. Would you like an answer to Mr. Cormier's question first?

Mr. WALKER: No.

The WITNESS: Well, I can answer it. There is an answer to it.

Mr. PICKERSGILL: Was it not Mr. Winch's question?

Mr. WALKER: Well, in fairness to Mr. Winch and everybody else, let him answer it, Mr. Chairman.

Mr. WINCH: I just could not understand how the steam got out of the blow-down tanks. That is the point which interests me.

By Mr. Winch:

Q. Was there a faulty installation there?—A. No. The discharge from the blow-down tanks was connected into the atmospheric vent exhaust from the turbine on the centrifugal compressor. The extra steam that was discharged by the compressor to the atmosphere could not get through the exhaust heads fast enough and it backed up down through the interconnecting vent into the blow-down tanks.

Now, true, as Mr. Cormier said, if we had a water connection to these blow-down tanks running steadily all the time we could have condensed that steam. But, I do not think it is the purpose of the department to put water into the blow-down tanks to remedy what may be a defective installation or design.

By Mr. Walker:

Q. You are not now talking about the wet ash system?—A. Why it came through was because, when you initially flush a toilet you momentarily break the seal of the trap, and with the steam in the sewer line it came back up through the trap that was more or less open.

By Mr. Chevrier:

Q. Mr. Kennedy, is this one of the defects that you drew attention to in either of your two reports?—A. Yes. That defect has been rectified.

Q. That defect has been rectified. Coming to the other matter, may I ask you what your experience is in the field of air-conditioning?—A. In the Department of Public Works it was one of my duties to design and write specifications for air-conditioning installations.

Q. Have you any knowledge of the conditioning of paper?—A. No; I am not an expert on the conditioning of paper.

Q. Have you any knowledge of the requirements of good printing outside of the information which you might have obtained from text-books?—A. No. I have no experience on that?

Q. Would you say you are qualified to pass an opinion upon the recommendations made by the expert in printing, Mr. Mark Powers, who was engaged by the government?—A. I do not think I would be. I could pass an opinion on what the conditions should be as outlined in this lithographic technical bulletin which was revised in 1957. I could read you what they consider to be the proper temperature and humidity.

Q. You have put a number of things in evidence yesterday; but the point I was coming to is this: did you know Mr. Powers?—A. No.

Q. Have you any reason to believe he was other than a pretty competent consulting engineer on printing matters?—A. Not having anything to do with the gentleman I do not think I could pass an opinion one way or another.

Q. That is a fair answer. But you do say that you do not think you are competent to pass upon the recommendations which he made concerning the printing bureau?—A. I can pass an opinion on the 80 degrees and 55 per cent; not perhaps from the printing standpoint so much as from the human comfort standpoint.

Q. You can pass an opinion upon the 80 degrees dry bulb temperature and the 55 per cent relative humidity, not as far as paper is concerned but as far as comfort is concerned?—A. Yes. I think that the actual design conditions should come from the printing people themselves. They have to operate under these conditions.

Q. Quite.

By Mr. Walker:

Q. Is that what you have been using?—A. We have suggested temperatures and humidities. I may be getting out of my field, since I am not dealing with this project at the present time. I believe General Young or Mr. Watson have dealt with this project and would be more competent to give that evidence.

By Mr. Chevrier:

Q. You made quite a revealing answer there in saying that you did not think there was any complaint from the paper people, or words to that effect?—A. No; I did not say that at all. The paper people have complained, on quite a number of occasions about the temperatures and humidities which exist in the printing bureau.

Q. Did Mr. Cloutier ever complain about it to you?—A. I have never met Mr. Cloutier.

Q. Are you aware that Mr. Cloutier wrote a letter to Mr. Cormier in which he said he was perfectly satisfied with the conditions there?—A. If Mr. Cloutier wants that building to be put up to 80 degrees and 55 per cent I am sure the stationary engineers will be glad to satisfy him. We put the building at 80 degrees and 55 per cent relative humidity in the winter-time on a trial. We set the conditions on a Friday evening and on Sunday morning I drove over there. This was in February, 1956, I believe. The temperature had risen to about 40 degrees outside. When I arrived at the site, from the sills right down to the ground floor every window in the front of the building was completely saturated with moisture. The front door could not be opened; it was frozen. There were large puddles of water all over the floor of the main entrance and in the exterior wall space there was water all over the floor. We gave the order right then and there that the conditions had to be set at a lower environmental control than 80 degrees and 55 per cent. The buildings will not stand 80 degree and 55 per cent relative humidity.

Q. You say that, notwithstanding the contents of Mr. Powers' report, the bulb temperatures should be 80 degrees and the relative humidity 55?—A. Yes; even though the Powers' report states,—the building is not designed to carry those conditions.

Mr. WALKER: What was that?

Mr. CHEVRIER: He said the building was not designed for that kind of temperature.

The WITNESS: No; humidity.

By Mr. Chevrier:

Q. Do you know that the officers of the printing bureau are satisfied with the conditions as they now exist?—A. I did not know that.

Q. Do you know that not a single sheet of paper has been wasted on account of the present system which is in operation?—A. If Mr. Powers had requested an 80 degree and 55 per cent condition, there is something wrong because conditions over there are quite different now. The paper is stored at 70 degrees and 45 per cent relative humidity. They have had no trouble with it by storing it at those conditions. Why did Powers say it should be stored at 80 degrees and 55?

Q. I do not know. You are giving evidence here.—A. Well, I do not know either.

Q. You have indicated that while you can testify on the comfort conditions required, you do not think you are competent to testify on the paper conditions?—A. Let me put it this way: I think it is up to the printing people to establish what they want. If they say that conditions are satisfactory over there, then there is nothing to be done, and this \$800,000 can be saved.

Q. Supposing they do say that: would it not be a good thing to be careful about the additional \$750,000 or \$800,000 that they are just about to spend? —A. I would certainly say so.

Q. Are you aware of the specifications that were put out calling for tenders in May, 1958, for new facilities concerning air conditioning at the printing bureau?—A. I was aware of them, but I did not have anything to do with the preparation of the specifications calling for the purchase of a new water chilling unit. However, that has been recalled.

Q. Those specifications have been recalled?—A. That is correct.

Q. Do you know why they were recalled?—A. I believe Mr. Watson could answer that question if you would permit it.

Mr. WATSON: They were recalled not because we made any error—as has been frequently claimed by a previous witness—but because we found that we had a second \$400,000.

Our original intent was to put in 1,200 tons of new refrigeration, but since the \$400,000 appropriation was doubled, making it \$800,000 that is why we did it; that is why we recalled the second estimate and decided to go ahead with our original scheme which was for the installation of 1,200 tons. Therefore we retracted the first tender.

By Mr. Chevrier:

Q. Have you these calculations and opinions which you expressed both yesterday and today? Did you ever discuss these with Mr. Cormier?—A. No, because Mr. Cormier was not employed by the department for this particular work.

Q. That is true; but even if he was not employed, did you not think it was the proper thing to do to discuss these with him, since it was a matter of additional expenditure to what he had recommended for the installation?—A. Let me put it this way: I think that General Young could answer that question. I was an employee of the Department of Public Works and as such I was requested to do something about the unsatisfactory conditions as we knew them over in the printing bureau.

If the management says there is nothing wrong, the employees may have something to say about it. I do not know. But I was requested to write a report and give my recommendations concerning what could be done with the conditions over there. However, I think General Young should answer as to why I was not requested to consult Mr. Cormier.

Q. That is quite right. There is a distinction to be made—a very vital distinction—between air conditioning for the comfort of the employees, and air conditioning for the proper conservation of the paper.—A. No. You have to work both together. This book will illustrate that.

Q. That is the book to which you referred yesterday?

By the Chairman:

Q. What is the name of the book?—A. The book is called "What the lithographer should know about paper techniques; bulletin No. 8".

Q. It is dated 1957?—A. That is right, and it is put out by the Lithographic Technical Foundation.

By Mr. Chevrier:

Q. May I return to my original question. You were assigned to the Department of Agriculture from the Department of Public Works for the purpose of assisting in this printing bureau project?—A. No. I was assigned to prepare and design drawings and specifications for an agriculture laboratory. I carried out this assignment before I left the Department of Public Works.

Q. When did you start working on this assignment?—A. That was in September of 1957.

Q. That was shortly before you left?—A. That is correct, yes. And Mr. Watson has taken over.

Q. How long did it take you to do this work?—A. I have no idea how long it took me.

Q. Was it very long?—A. No; it would not be a very long time because there are no actual drawings or specifications written.

Q. Now you are referring to the new expenditure?—A. Yes.

Q. Of \$800,000?—A. That is right, yes.

Q. You say there were no plans or specifications written?—A. No, and they still have not been done. The cooling rates for the individual rooms still have not been calculated.

Q. I take it that it was at this stage that they called you in to make a preliminary estimate?—A. That is right.

Q. And that preliminary estimate was in the amount of \$800,000?—A. That is correct.

Q. And you may go beyond it or come under it?—A. We do not know yet. I consider, from the experience I have had with air conditioning, and with the cost of other projects of a similar nature, that \$800,000 would take care of the revisions as required.

Q. In view of the preliminary estimate, would I be fair in saying that you might get some experts who would say that it would cost far more than \$800,000, and on the other hand, you might get some experts who would say that it would cost less?—A. No, I do not think you would get many who would say that it would cost less.

Q. But you would get some who would say that it would cost far more?—A. We have one right now who is a little dubious whether it can be done for \$800,000.

Q. He thinks it is going to cost more?—A. Yes.

Q. In the reports that I tabled here with your marginal notes, is there any indication of any defects in the air-conditioning system?—A. Yes, there were a few defects.

Q. May I see report No. 2, please, the one for November. Mr. Kennedy, item No. 39 deals with air-conditioning and ventilation—on your report of November 18?—A. Yes.

Q. And you have subdivided this into several subclauses. Is there anything in that item 39 dealing with the defects in ventilation and air-conditioning that you brought to the attention of the committee yesterday and today?—A. No. This report was written for the inspection of the actual installation; it was not a criticism of design. I do not think that you will find one single complaint here about the design of the system.

Q. There is no complaint in your report about the design of the system?—A. That was not the purpose for which I inspected the installation; it was to see that it was installed in accordance with the plans and specifications as laid down by Mr. Cormier.

Q. And you found it was, with the exception of these defects which were rectified?—A. Well, there are subsequent reports to this report. I have another one here dated February 27 and it lists work on the air-conditioning system that has to be carried out also. As we mentioned before, in dealing with Mr. Cormier all these complaints were grouped together and after each visit to Montreal, Mr. Cormier would call in the general contractor and he would detail certain work to be carried out.

Q. Have you known Mr. Cormier for some time?—A. Only during this project.

Q. And would you say according to your knowledge that he is a man of great experience?

Mr. WALKER: Oh, now—

Mr. CHEVRIER: I will withdraw it if there is any objection to it. All right, do not answer it.

Mr. MCGEE: Could I ask one question at this juncture? These suggested changes and corrections and so on were done at whose expense?

Mr. CHEVRIER: What changes are you referring to?

Mr. MCGEE: Changes in the air-conditioning system that were made as a result of that report?

Mr. CHEVRIER: They have not been made; this is a preliminary estimate.

Mr. PICKERSGILL: We are talking about this thing in 1955.

The WITNESS: On these reports the changes were to be made at the expense of the contractor.

By Mr. Chevrier:

Q. And they were made?—A. Yes, all the changes listed here were made on the air-conditioning.

By Mr. Crestohl:

Q. There is an essential difference in temperature and humidity in the section where there is paper storage, apart from that where there is human comfort?—A. The paper storage over there right now is maintained at about 70 degrees Fahrenheit and about 43 or 45 per cent relative humidity. Now, these conditions are much lower than what it is up on some of the other floors, and the purpose of keeping that paper storage at the low condition is that no heat can go from the basement up through the building. We are doing everything we can to maintain conditions at the best possible point over there.

Mr. WALKER: Mr. Chairman, I understand the session will prorogue tomorrow; what do you propose to do?

By Mr. Pickersgill:

Q. I wonder if just before you ask that, if I could ask the witness one question, and it is this: was any suggestion made by the department at the time you made these various reports—and I do not confine myself to these two, but any of those, before the settlement was made with Mr. Colford—was any suggestion made that there was anything wrong in principle with the air-conditioning system?—A. We were aware that there was difficulty with the air-conditioning system, yes.

Q. That was not my question. My question was: was any suggestion made to Mr. Cormier that there was anything wrong with the air-conditioning system at that time, apart from these defects that were corrected?—A. I could not answer that because I do not—

Q. By you? I am not asking you to give anyone else's opinion?—A. No, because when I dealt with Mr. Cormier, there was no one in the building, or very few people, and as a result there was no one to register a complaint.

Q. I am not speaking about anybody else's complaints at all. Did you suggest to Mr. Cormier that, apart from the defects noted in your various memoranda, there was anything wrong in principle with the air-conditioning system?—A. I do not think I did, because it was not my purpose to criticize Mr. Cormier's design.

The CHAIRMAN: Gentlemen, in answer to Mr. Walker's question, it is our intention, as agreed by the steering committee, to call this committee into camera session as soon as convenient, which is probably about 5 o'clock this afternoon.

Mr. BELL (Carleton): Could we not sit an hour now?

Mr. PICKERSGILL: The documents are available in both official languages and, speaking for myself, I do not think it would be fair to ask many members of the committee to consider them unless they were.

Mr. NUGENT: They could make their objections individually to that.

Mr. PICKERSGILL: There are also some of us who would like to be at the meeting who have an obligation to be in the House of Commons. At 5 o'clock when there is private member's time, I am sure most of us could be here.

Mr. McGEE: It is a little late for stalling, don't you think.

The CHAIRMAN: There is no question of stalling; it is purely a question of secretarial difficulty. I have consulted the secretarial staff and they anticipate the earliest possible chance, if we hope to do what we have in mind, is 5 o'clock.

Mr. WALKER: 5 o'clock here for the whole committee, then, in camera.

STANDING COMMITTEE ON PUBLIC ACCOUNTS
1958

LIST OF EXHIBITS

- EXHIBIT P-1—Details of Expenditure printed as Appendix "A" in Issue No. 3.
- EXHIBIT P-2—Details of six contracts for Printing Bureau, printed as Appendix "B" in Issue No. 4.
- EXHIBIT P-3—Memoranda and correspondence relating to six contracts awarded for Printing Bureau.
- EXHIBIT P-4—Boring Report filed on August 15—5 copies tabled.
- EXHIBIT P-5—Details of properties acquired in Hull for Printing Bureau and F.D.C.
- EXHIBIT P-6—Additional information with respect to real estate and the site of the Printing Bureau.
- EXHIBIT P-7—Preliminary plans and drawings of Mr. Cormier re: location of site.
- EXHIBIT P-8—Preliminary plans and drawings of the first floor of the Printing Bureau.
- EXHIBIT P-9—Preliminary plans and drawings of the second floor of the Printing Bureau.
- EXHIBIT P-10—Preliminary plans and drawings of the third floor of the Printing Bureau.
- EXHIBIT P-11—Preliminary plans and drawings of the powerhouse of the Printing Bureau.
- EXHIBIT P-12—Preliminary plans and drawings of sections of the Printing Bureau.
- EXHIBIT P-13—Preliminary plans and drawings of elevation details.
- EXHIBIT P-14—Preliminary plans and drawings (grid).
- EXHIBIT P-15—Documents relating to the appointment of Mr. Cormier as architect for the construction of the Printing Bureau.
- EXHIBIT P-16—Report from Mr. Powers, dated August 9, 1949, concerning certain changes that should be made in the plans of the new Printing Bureau.
- EXHIBIT P-17—Report from Mr. Cormier, dated August 25, 1949, to the Department of Public Works, respecting the changes recommended by Mr. Powers.
- EXHIBIT P-18—Contract No. 1 and related Plans and Specifications (Contract, specifications and 1 drawing).
- EXHIBIT P-19—Contract No. 2 and related Plans and Specifications (Contract, specifications and 1 drawing).
- EXHIBIT P-20—Contract No. 3 and related Specifications (Contract and specifications).

- EXHIBIT P-21—Contract No. 4 and related Plans and Specifications (Contract, specifications and 15 drawings).
- EXHIBIT P-22—Contract No. 5 and related Plans and Specifications (Contract, specifications and 13 drawings).
- EXHIBIT P-23—Contract No. 6 and related Plans and Specifications (Contract, specifications and 46 drawings).
- EXHIBIT P-24—Documents related to the contract between the Department of Public Works and Miron Frères for the initial excavation of the Printing Bureau (Contract, specifications and 1 drawing).
- EXHIBIT P-25—Copy of preliminary general estimate of construction of Printing Bureau with a comparison to the actual cost.
- EXHIBIT P-26—Report of Mr. John M. Kennedy dealing with defects of the mechanical installations, dated October 21, 1955.
- EXHIBIT P-27—Report of Mr. John M. Kennedy dealing with defects of the mechanical installations, dated November 18, 1955.
- EXHIBIT P-28—Detailed preliminary estimate of Mr. John M. Kennedy of proposed changes to existing air-conditioning unit.
- EXHIBIT P-29—Breakdown of the figure of \$800,000 having regard to a preliminary figure of \$400,000 included in the Main Estimates for 1958-59.
- EXHIBIT P-30—Letter from Mr. Cormier to Mr. Gardner, dated August 15, 1955, dealing with a stand-by refrigeration unit, and relevant information.
- EXHIBIT P-31—Photostatic copies with marginal notes by Mr. Kennedy, of his report dated October 21, 1955, dealing with defects of the mechanical installations at the Printing Bureau. (Report tabled as Exhibit P-26).
- EXHIBIT P-32—Photostatic copies with marginal notes by Mr. Kennedy, of his report dated November 18, 1955, dealing with defects of the mechanical installations at the Printing Bureau. (Report tabled as Exhibit P-27).

STANDING COMMITTEE ON PUBLIC ACCOUNTS
1958

LIST OF APPENDICES

APPENDIX "A"—Details of total expenditure for Printing Bureau, printed in Issue No. 3.

APPENDIX "B"—Details of six contracts for Printing Bureau, printed in Issue No. 4.

APPENDIX "C"—Order in Council dated May 20, 1948, printed in Issue No. 12.
(Omitted in printed Proceedings No. 12, but appears in Appendix "E" in Proceedings No. 17).

APPENDIX "D"—Letter of the Comptroller of the Treasury to Mr. Watson Sellar, Auditor General, re: CF-100 Contract at Malton Airport, printed in Issue No. 13.

APPENDIX "E"—Documents related to appointment of Mr. Cormier as architect for construction of National Printing Bureau in Hull, printed in Issue No. 17.

APPENDIX "F"—Memo from Chief Architect to Deputy Minister (P.W.D.) dated September 12, 1952, re: discussion between Mr. Cormier and General Young. (Printed in Issue No. 19).

APPENDIX "G"—Memo from Chief Architect to Deputy Minister (P.W.D.) dated September 17, 1952, re: discussion between Mr. Cormier and General Young. (Printed in Issue No. 19).

LIST OF WITNESSES

Issue No.

Mr. H. R. Balls	15.
Mr. Edmond Cloutier	10.
Mr. Ernest Cormier	11, 12, 14, 16, 17, 18, 19, 20.
Mr. George A. Doyle	13.
Mr. D. A. Freeze	8, 9.
Mr. E. A. Gardner	4, 5, 6, 7.
Mr. J. O. Kemp	8, 9.
Mr. John M. Kennedy	20, 21.
Mr. Watson Sellar	1, 2, 13, 15.
Mr. C. W. Watson	(See Mr. Kennedy).
Major General H. A. Young	3, 4, 5, 6, 7, 8, 9.

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